What Canada Must Do (Page 11)

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The Nation's Business

A Crisis Soon In Provincial Finance
Loan Councils Only Escape
Flaws in U. S. Trade Treaty
Some Patent Injustices
Hudson Bay Line Again Big Loser

Loan Councils Or Default

MR. DUNNING'S scheme to set up a national advisory committee on public finance and to offer loan councils to the debt-distressed provinces presents the country with a way to avoid the stain of widespread provincial defaults.

At the present time, if any province is unable to borrow on its own credit, it has only to put in a requisition to the Dominion treasury and whatever money it asks for is loaned to it with no strings attached. Mr. Bennett started making such loans and they now total close to $100 millions with the Dominion ranking no higher than any other creditor of any of the four provinces benefitted. Continuance of the present plan would be the height of folly. It would eventually bring the whole superstructure of public credit—both Dominion and provincial—tumbling down. It provides no incentive to genuine economy on the part of the provinces and gives the Dominion no control over the money it must put up.

Mr. Dunning has wisely decided that there must be a change. The loan council plan is his proposal for reform. Under it, the Dominion will make its credit available to support the refunding of provincial debts but only upon certain terms which are thoroughly reasonable. The condition of such Dominion guarantees is that the province will undertake to submit its financial policies to the control of a loan council.

* * *

AT FIRST there was indication that several of the provinces would take advantage of the plan. Now the politicians are drumming up opposition. The visionary Major Douglas has warned Alberta not to permit a stealthy federal movement to "filch away" the autonomy of Alberta in financial affairs. He sounds the note of some of our own Canadian provincial politicians who would rather let their provinces go broke and default than pay a reasonable price for Dominion aid in reconstruction of their finances.

The serious implications of any united provincial front against the loan council plan may not be generally appreciated. For, in the case of certain Canadian provinces, there are but two alternatives to acceptance of a loan council. They are default or forced conversion of debt at lower rates of interest arbitrarily imposed upon investors.

* * *

OTTAWA is serious in its determination to end the present lax system. The legislation necessary to the setting up of loan councils will be put through. Until the machinery is complete, further loans will be available to the provinces. After that they must either finance themselves or accept Ottawa's terms, which are the only terms that are fair to the taxpayers.

Within a few months, yea, within a few weeks, certain Canadian provinces will come face to face with the necessity for deciding whether they are going to do the decent thing by their creditors and taxpayers by refunding their debts under Dominion guarantee, or continue to play the game of small party politics, with the inevitable consequence that they must default on their debts, something that no Canadian province has ever done.

Let there be no minimizing of the seriousness of the present position. Canada is just around the corner from a crisis in provincial finance—a crisis that might better have come four years ago when the first unfortunate loans were made to the provinces without adequate safeguards to the Dominion. Only the pressure of informed public opinion can prevent some of our provincial premiers from making the serious and fatal mistake of preferring dishonest repudiation or default to the reasonable solutions provided by the Dunning loan council plan.

* * *

Jokers in U. S. Pact

THE trade agreement between Canada and the United States was the first major attempt of recent years to break down the barriers that have reduced world trade to a third of its pre-depression total. As such, it is deserving of general

(Continued on page 2, col. 2)

Sales Both Ways Up 15 Per Cent First Month of U. S. Trade Pact

Gains First Noted in 1935 Accelerated by Agreement — Cattle and Lumber Exports Mount Sharply

Business scanned this week the first concrete evidence of the half billion dollar trade pact made last November between Canada and the U.S. The pact came into force on January 1 and trade returns for that month offer fragmentary statistical evidence of trade gains scored by each country.

Both imports and exports were nearly 15 per cent higher in January than for the same month a year ago. Trade both ways was at the highest point for any January since 1931.

Confirms 1935 Trade

Analysis of individual items must be made cautiously because of the highly varied nature of many monthly returns. Thus Canada's exports of alcoholic beverages (chiefly whisky) doubled in January to $1.1 millions. But a glance at similar returns over the past two years shows equally violent fluctuations in previous months when the pact was not operative.

Similarly with Canada's export of dressed lumber to the U.S. The gain for January over the same month last year was 39 per cent but this merely continues similar gains in the last six months of 1935 and is not in fact as large an increase as was recorded on the average in the last six months of 1935. Similarly the trade in shingles which doubled in January compared with last year, again confirms a similar trend of recent months since sales of shingles to the United States in 1935 were considerably more than double those of 1934.

Animal Products

A significant gain among Canadian exports is the sale of animal and animal products (chiefly fish, hides, furs, cattle, etc.) which increased 60 per cent in January.

Sale of fish, for example at $1.1 millions is higher by 22 per cent and shows the highest monthly total for many years. Cheese exports largely in the higher priced "processed" class approached the $100,000 mark during the month as compared with average shipments during the past two years of less than $10,000 monthly.

January cattle exports amounted to close to 10,000 head valued at almost half a million dollars at the point of shipment as compared with only a thousand head valued at $67,000 in January, 1935. Here again the new figure serves to confirm a trade movement which got under way in earnest last February and reached substantial heights during 1935.

However, contrary to fears expressed when this export first began, to the effect that supplies might be exhausted, exports so far this year appear to be gaining momentum. For the first three weeks of February, shipments have totalled as much as for the whole of January and present prospects point to a $10 million trade of perhaps 200,000 head of cattle in 1936. Slightly over 100,000 were exported in 1935.

In other livestock exports there has been a substantial increase in poultry and horses, while dressed meats have registered moderate gains. Wool exports jumped from 35,000 lb. for January a year ago to almost 700,000 lb. for the first month of 1936.

Most exports of grain, which was practically untouched by the agreement, are down sharply.

Analysis of U.S. imports to Canada in January shows iron and steel as the largest single group to be affected the increase in this field being approximately 27 per cent. Important changes here include: a doubling in automobile shipments (accounted for partly by the change in date of new models); an 85 per cent increase in farm implement shipments; a 70 per cent rise in machinery sales which totalled $1.9 millions—the largest figure in many years.

The wiping out of the duty on U.S. magazines is indicated by a 16 per cent increase in imports of books and printed matter while paper imports rose 20 per cent. Imports of fruit were higher by 40 per cent. Other lines to show changes which may be attributed to the treaty, are hardware and cutlery imports up 12 per cent; electrical apparatus up 10 per cent. Furniture imports almost doubled in January but the 1936 figure ($34,000) is not sufficiently large as yet to reflect the important buying which usually comes in February and March.

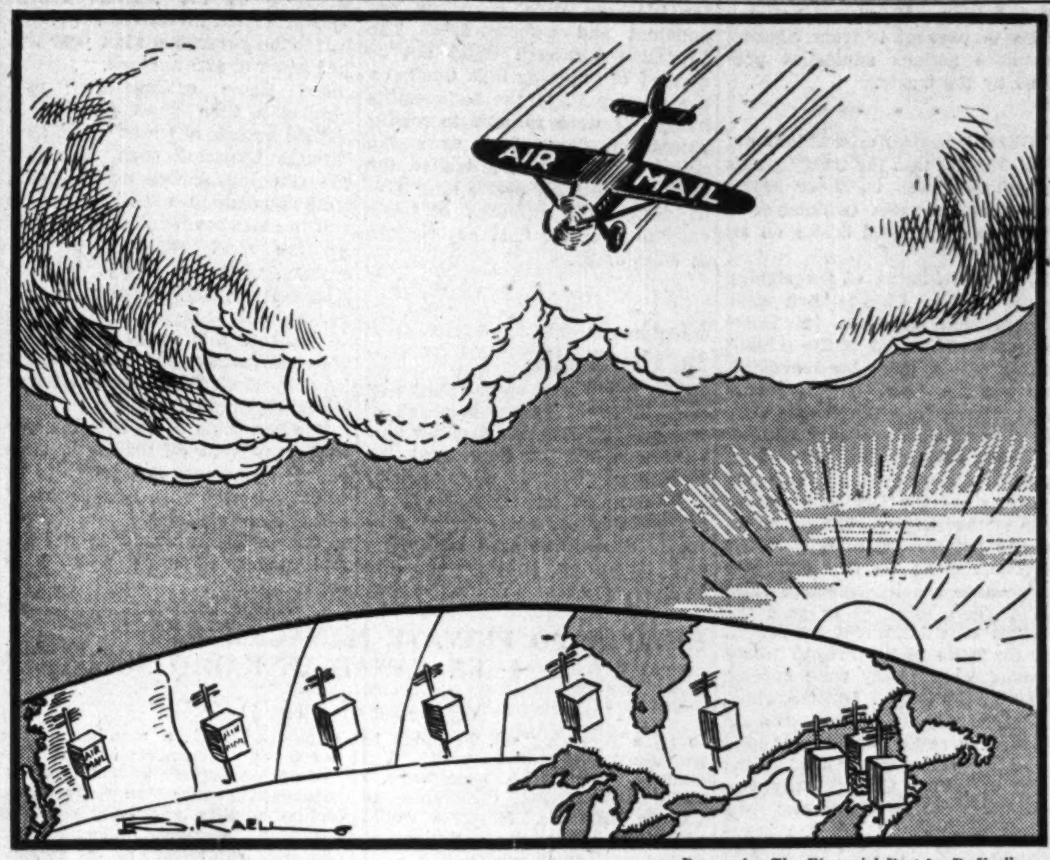
Textile imports into Canada increased by 30 per cent but the gain was almost entirely due to raw cotton shipments which were not affected by the pact.

Canal Toll Charge To Be Aired in House

From Our Own Correspondent

MONTREAL. — More than three decades have passed since the Canadian canal systems were freed of toll charges. Periodically a demand has arisen for a toll charge but the matter has been sidestepped by the government in power because of political difficulties—the tolls were abandoned to lessen the cost of moving wheat to seaboard—and also owing to treaty obligations with the United States.

During the discussion on the estimates, Railway Minister Howe told the House of Commons that he believed the time had come to consider whether canal tolls should not be collected in Canada. Mr. Howe made plain that he was not advocating the toll, but in view of the agitation for such a charge, it is believed that the matter will be given a thorough airing during the present session, but it is unlikely that any legislation will be brought down to re-establish tolls.



ON THE WAY. —Drawn for The Financial Post by R. Kaell.

Canadian Rail Terminal Goes on Block April 24

Expect Some Bids at Sale Ordered by Court — Two Bondholders' Committees Hold Deposit of Over Half Bond Issue

It is understood offers for assets of Canadian Rail & Harbour Terminals will be presented for the consideration of bondholders at their meeting April 24.

Mortgage sale for the benefit of bondholders was held Jan. 24, 1936, and proved abortive, there being no bids. Hence, Toronto General Trusts Corp., trustee for the first mortgage bonds has been authorized by Mr. Justice Makins to receive offers for the assets under the Ontario Judicature Amendment Act, 1935.

Offers will be received up to noon April 23, and bondholders meet at the King Edward Hotel, on April 24 to consider any bids. At least one bid that is likely to be satisfactory to bondholders is expected, although definite proposals have not been made to bondholders' representatives.

Legal Questions

Under the Judicature Amendment Act, holders of 50 per cent of the $3.5 millions of bonds, or a smaller proportion if acceptable to the court, have the power to sell the assets and to make the sale binding upon all bondholders. Then, court approval of the sale is necessary.

A court order authorizes Toronto General Trusts to hold the sale. It requires advertisement of the sale of all assets securing the first mortgage bonds. This includes cash under the control of G. T. Clarkson, receiver and manager of the properties. Some proportion of this cash does not belong to the first mortgage bondholders and on this point a court decision will probably be necessary.

The Canadian bondholders' committee is headed by Rt. Hon. Arthur Meighen. It has bonds totalling about $1.3 million on deposit. There is also an American bondholders' committee which is understood to control votes of some $500,000 of bonds. The latter might be opposed to a sale that involves virtual elimination of other creditors than first mortgage bondholders.

Additional bonds may be deposited with the Canadian committee, since there is over $500,000 of undeposited bonds in the Toronto and Montreal areas alone. Even if these bonds are not deposited they may be voted at the meeting. It is considered practically certain that well over 50 per cent of the total bond issue will be represented on April 24.

Assets Substantial

In addition to cash, the properties that are to be offered for sale include the eight story terminal warehouse on Queen's Quay, Toronto, and some 14 acres of land as well as long-term leasehold rights on 2,200 feet of concrete docks. Cold storage equipment includes an ice plant with capacity of about 75 tons daily.

Canadian Rail & Harbour Terminals went into receivership Jan. 24, 1934, following notification of the trustee that interest on the first mortgage bonds would be defaulted March 1, 1934. No interest has been paid on the bonds since Sept. 1, 1933.

Price of Canadian Rail & Harbour first mortgage bonds rose to about 50 toward the close of 1935, chiefly on expectations that a cash offer of at least 60 cents on the dollar for the properties would develop. The bonds have held the same approximate price up to the present.

Net earnings of the company, before allowing depreciation, have been running at about $158,000 per annum.

Business Factors Mostly Improved

Strength in financial factors and heavy industries is reflected in current weekly figures summarized this week. The only items to show declines when compared with the same period a year ago were carloadings, hog sales and wheat flour shipments.

	Jan.	Change From prev. period %	Change From prev. year %
Monthly:			
Pig iron prod., tons	61,336	—13	+38
Steel ingots prod., tons	100,225	+ 1	+68
Automobile sales:			
Passenger, No.	4,730	— 9	+65
Trucks & buses, No.	814	— 3	+32
Bank debits	*$2,992,068	+ 2	+11
Life insur. sales	$34,221,000	— 6	+ 3
Wheat flour exp., brls.	314,311	—29	— 9
Wheat exp. ....bush.	7,557,320	—55	+40
Weekly:			
Car loadings, ...No.	43,256	+ 4	— 4
Cattle sales......No.	15,067	+ 8	+29
Hog sales........No.	16,842	+ 1	—10

* 000's omitted.

National Breweries Increases Dividend

From Our Own Correspondent

MONTREAL. — National Breweries Ltd. directors have declared a dividend for the quarter of 50 cents a share, compared with the previous rate of 40 cents. This places the stock on a $2 annual dividend basis compared with the former rate of $1.60 a share. As there are over 721,000 shares outstanding, the change in policy means an increase in dividend distribution on the common of nearly $300,000 annually.

The action of the directors does not come as a surprise as it has been expected on the "street" for many months. It had been believed, however, that the management might declare a bonus rather than increase the regular dividend rate in view of the uncertain tax situation.

Gt. Lakes Paper Ruling Defers Newsprint Upset

Newsprint Firms Fear Both Long and Short Term Implications of Deal — Ontario May Control Newsprint Like Quebec

Disallowance of sale of assets of Great Lakes Paper Co. by the Court of Appeal at Osgoode Hall, Toronto, defers a possible disturbance of the price of newsprint. The reason given for setting the deal aside is because the Supreme Court did not rule on whether the sale was a fair one.

The court allowed the appeal of Western Investments Ltd. against the sale. However, the deal can be referred again to the Supreme Court for a ruling on the merits of the transaction. Then another appeal would be possible, since the appeal court has not made a decision on the merits or demerits of the sale.

It is understood that Great Lakes Paper Co. has made contracts with U. S. publishers calling for an automatic reduction in the price of newsprint to $39 a ton if the deal is not completed by April 1. Further court delays might bring this reduction into effect.

Great Lakes Paper bonds dropped from 48 to 45½ this week when the hearing of the appeal closed. After allowance of the appeal against the sale, prices of most newsprint bonds softened slightly.

Legislation and Fears

The next move in the newsprint game is likely to be enactment of legislation to control the industry in Ontario. Hon. Peter Heenan, Ontario Minister of Lands and Forests, has been conferring with Premier L. A. Taschereau of Quebec, on making Ontario legislation conform with Quebec laws to control the newsprint industry.

Representatives of the newsprint industry at large fear the effects of a possible reduction in the price of newsprint to $39 a ton by Great Lakes Paper Co. Such a cut might spread through the newsprint industry. Also, however, the newsprint interests have feared that the long-term effect of the Great Lakes sale would be to undermine the newsprint price structure for perhaps 10 years. Hence their opposition to the sale, despite the fact that successful opposition might mean an immediate price cut. The same reasoning lies behind the Ontario government's intention to control newsprint firms by legislation.

Premier Taschereau in a recent interview explained how Quebec and Ontario may co-operate in regulating the newsprint industry. He indicated that neither Ontario nor Quebec can undertake to fix the price of newsprint which is regulated primarily by market conditions. He pointed out, however, that control of individual firms could be exercised by alteration of stumpage duties and land fees. It will be recalled that Quebec raised stumpage charges to virtually prohibitive levels for St. Lawrence Paper Mills when that firm upset the newsprint market late in 1934.

Mr. Taschereau's remarks indicate that Ontario may legislate to control newsprint on the same basis as Quebec has done. The significance of such legislation in Ontario at present would be that it would allow the government to penalize Great Lakes Paper Co. for any disturbance of the newsprint market. There might be an interregnum of disturbance, however, before Ontario could draft and enact new legislation.

Publishers' Activities

Representatives of the 24 publishers backing the Aldrich-Gefaell plan for sale of assets of Great Lakes Paper Co. have agreed unanimously to stand together until obstacles to consummation of the plan have been dealt with.

The publishers recently named representatives to co-operate with the bondholders' committee headed by Rt. Hon. Arthur Meighen.

The publishers' representatives are to be L. E. Aldrich of the Chicago Daily News and H. Pointing of the Detroit News. E. K. Gaylord is alternate to act in place of either one of the first two if they cannot do so.

May Boycott Ontario

One of the publishers in the discussion intimated that should the Ontario government, by opposition to the reorganization, make it impossible for the new company to function, the publishers would be prepared to withdraw most of their newsprint orders from Ontario mills, and seek supplies elsewhere.

John E. Gefaell, who promoted the deal, was authorized to obtain additional 10-year contracts with outside publishers if necessary, so that the Great Lakes mill may operate at least at 90 per cent capacity.

Senator Meighen told the publishers that means could be found to operate the mill, even if Ontario refused a license to the new company.

London and Western Trusts Co. has been appointed trustee for the publishers to hold their new securities in accordance with the plan of sale of Great Lakes Paper Co.

Copies of Mystery Bill Recovered By Ontario

Most copies of "Bill 52" which were inadvertently distributed from Ontario government offices have been recovered and put under lock and key in the legislative buildings. The bill, which is unlikely to be introduced in the legislature, contemplated a municipal tax of 3½ per cent on net corporation revenue in Ontario. Its existence was first disclosed last week in The Financial Post, which reported that a government spokesman denied that there was such a bill. This Hepburn aide said one might as well talk of "whales in Lake Ontario," as of the existence of any such bill.

The hasty attempt at capture of the outstanding copies followed publication of The Post's article.

Highlights

Squeezing Bondholders

Defaults, debt adjustment and refinancing schemes create new problems for Canadian investors. What is the answer? Page 20

Is Nickel Too High?

Stock of International Nickel reaches highest levels since 1929. Is current move justified by potential earnings? Page 18

A Price for Price Bros.

Twenty million dollars offered for Price Brothers assets, but shareholders would get nothing. Page 4

Wheat Moves

Increasing rate of Canadian wheat out of storage may reduce carryover under 100 millions of bushels before crop year end next August. Page 16

The Next Five Years

Mounting debt burden viewed as major problem for Canada in next five years. Second of a series of articles by prominent Canadians. Page 11

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Hydro Starts Paying Debts To Ontario

Nearly $10 Millions of Bond Proceeds Go To Province

FUND PLANT COSTS

Ontario Hydro Commission to Separate Debt from That of Provincial Government

Nearly $10 millions of proceeds of the recent Ontario Hydro bond issue of $15 millions will go to repay the provincial government for loans to the power commission, T. Stewart Lyon, Hydro chairman, informs The Financial Post.

The idea behind the Hydro borrowing is to separate the debt of the Hydro from that of the government. In the past the government did much of the borrowing for Hydro developments and lent the funds to the power commission. The result is that at March 31, 1935, advances to the Hydro stood at $187.9 millions on the government's balance sheet.

Hereafter, the Hydro will gradually repay the province. This will be done partly by borrowing. Numerous maturing Ontario bonds really represent borrowings by the province on behalf of Hydro. As they mature, the Hydro will take care of its share of the debt by issuing its own bonds. This is what was done in the recent issue.

Effects of Change

One effect of the change in financing will be to diminish borrowing by the government. Repayment of loans by the Hydro will tend to allow the government to increase its debt without actually showing a greater amount of Ontario bonds outstanding. If increases in Ontario debt on other than Hydro account are halted, the repayments would effect an actual reduction in the provincial bonds outstanding.

Another result of the recent financing is to save Hydro about $360,000 annually in interest charges. Some $7 millions of the debt that has just been funded at 2.59 per cent was in Ontario six per cent bonds that matured Dec. 1, 1935.

Some $5 millions of capital expenditures by the Ontario Hydro are funded in the new bond issue.

When the former Ontario government left office in 1934, there were three of the five power units for the Abitibi canyon development in the shops of the Canadian General Electric Co. at Peterborough. Part of equipment for the two operating units was unpaid. Completion and installation of all five units was ordered and paid for, at a cost of over $2 millions.

The Dominion Construction Co. made claims for some $3.3 millions from the present government for work on the Abitibi canyon plant. This was opposed. Settlement at $2 millions was reached.

Sundry claims for Abitibi canyon expenditures have been settled for $1 million and are included in the funding. Part of the cost of developments at Rat Rapids and Ear Falls on the Albany River in northern Ontario is also being borrowed.

These northern developments have been exceedingly active recently in supplying the increased demand for power from new mining projects.

Debt Policies

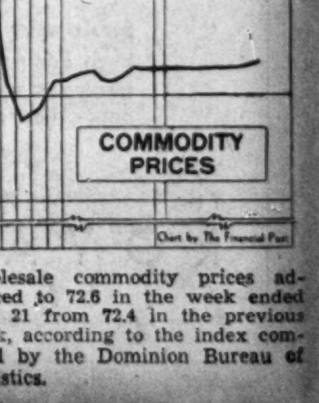
The major feature of the Hydro borrowing is that it is aimed at repaying from time to time the Hydro's portion of Ontario's debt as debentures mature.

Some $12.7 millions of Ontario six per cent bonds fall due next May 2. Approximately $6 millions of this is debt incurred for the Hydro, and will be funded in due course by the power commission. It will take many years for the Hydro to complete separation of its debt from that of the province because many of the bond issues have long terms yet to run.

The present government feels that the provincial debt is not shown properly when it includes such a large volume of Hydro debt. This is the reason for the change.

Five-year bonds were sold by the Hydro because there is a greater demand for short-term issues at present than for long-term bonds. Banks and insurance companies prefer to hold short-dated bonds so that their funds will be returned earlier in case more profitable uses for the money become available.

Report of quick sale of the Hydro bonds and comparative bids appear on page five.



Wholesale commodity prices advanced to 72.6 in the week ended Feb. 21 from 72.4 in the previous week, according to the index compiled by the Dominion Bureau of Statistics.

Calgary Seeking To Refund Bonds

Calgary is asking the Alberta government to amend the city charter to allow refunding of its debenture debt.

The city is seeking authority:

"To enter into and complete a scheme for refunding all or any part of the debenture indebtedness of the city for such period or at such rate of interest as may be determined by by-law, with the approval of the Board of Public Utility Commissioners of the province of Alberta."

As details of the proposed amendment are not yet available, it is not known precisely what sort of refunding scheme the city has in mind. Mayor Andrew Davidson recently advocated forced conversion of municipal debts at a lower rate of interest. Provincial approval of such a plan, however, has been considered improbable.

Return to Private Management Seen Canadian Radio Solution

Government Supervision Without Ownership Claimed Sufficient—New Plans Being Considered at Ottawa

BY WELLINGTON JEFFERS

The Dominion Parliament will recast radio broadcasting organizations and methods in Canada at the present session.

Its third parliamentary probe will be a prelude to changed policy and a new type of Canadian Radio broadcasting system.

The Canadian Radio Broadcasting Commission, as at present constituted, was doomed from the start. It was presented with an insoluble problem. It was created as a first step toward complete government ownership and management of radio broadcasting in Canada. To that end it was to establish five powerful broadcasting stations at strategic points in Canada. It was to select and broadcast cultural, educational, musical and dramatic programmes of a high order and it was to copy the British Broadcasting Commission by eliminating advertising to a large extent from the air.

A Colossal Mistake

All this would cost $5 millions at least every year. The $2 tax on radio sets will only provide from $1 to $1.5 millions. At the last parliamentary committee probe in 1934 members of parliament realized that they were losing money by refusing the help of advertisers and commercial advertising as a source of revenue was therefore re-established.

But they encounter a major difficulty now in trying to satisfy the millions of radio listeners by a policy which will not backfire against whatever government happens to be in power.

Every member of Parliament has to react to the great public interest in the situation. The 1934 committee still reiterated its belief in government ownership as the ultimate way of solving problems.

Most of the troubles arise from the pressure toward that ideal.

$2 "For What?"

One source of continual friction is that the greater part of the radio tax total is paid by radio listeners in the thickly settled parts of Ontario and Quebec where there was no problem in getting good programmes. The $2 payment makes every owner of a set very critical.

"What am I getting for it?" he keeps asking. The people of the Maritime and Prairie Provinces, where prior to the commission, radio reception for any programmes was poor, have a kindlier feeling.

But supposing the tax were raised

(Continued on page 2, col. 3)

Unperturbed at God's Lake By Fourth Level Results

Asked to comment on underground conditions at God's Lake Gold Mines, in view of the reports current in Toronto regarding ore conditions at this Manitoba gold producer, H. R. Drummond-Hay, vice-president, says that the structure on the third and fourth levels, as encountered by crosscutting to date, is unchanged from the structure in the upper levels. It is in the latter that most of the company's ore encountered to date is located.

"We had very little ore on surface," Mr. Drummond-Hay told The Post, "and apparently the same condition prevails on the third and fourth levels. Ore came in very well below the lean horizon on the surface and there is no reason why ore should not come in again in the same way on the lower levels. In the meantime, with two years' ore ahead, the mill is operating steadily at approximately 150 tons daily with satisfactory recovery."

Robert Jowsey, president of the company, is in England at the present time. The fact that God's Lake has not, as yet, encountered commercial ore on the fourth level has had a bearish effect on the stock in recent days.

MEN'S SHOP

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THE ROYAL BANK OF CANADA

The Nation's Business

(Continued from page 1)

approval of its major principles and provisions.

Such approval need not carry with it endorsation of all the detailed provisions of the treaty. In fact the treaty does grave injustice to many classes of producers in Canada. The government at Ottawa would be deaf to the pleas of justice if it allowed its predilection for lower tariffs to prevent it from righting the more serious anomalies produced by the treaty.

* * *

THESE injustices arise chiefly out of the fact that the treaty grants the intermediate tariff or most-favored-nation rates (whichever is lower) to the United States on all items.

If, in anticipation of the signing of the treaty, Canada had gone through and adjusted its intermediate tariff, much of the present trouble would have been avoided. This was not done. Utterly inadequate intermediate tariff rates were left in our tariff, probably because the items covered had never been imported in any quantity from any countries but the United States or parts of the Empire. The preferential and the general rates were the important ones; no one paid any attention to the intermediate rates and no one bothered to pose the problem of what might happen if, say, the rates in the French treaty or some other treaty were applied to the United States. But the whole haphazard structure of intermediate and M. F. N. rates does now so apply.

The reciprocity treaty has had the effect of giving Canada only two important tariff schedules; the British preferential and the intermediate tariff. In effect the general tariff is now applicable to but a handful of tiny countries. Canada now has trade agreements with almost all of the trading world.

* * *

LOW intermediate rates that were of little consequence before the U. S. treaty was signed now assume major importance. They definitely threaten many industries which are desirable in this country. An extreme but minor example may be cited. Cut flowers used to pay the following rates:

Br. preferential: Free;
Intermediate: Free;
General: 40 per cent.

Shifting U. S. imports from the general to the intermediate classification wipes out the entire duty at one stroke. It was of small consequence that British countries and other countries covered by our other trade agreements could ship us flowers free. It makes it very difficult for our florists when the United States can do it. Had the former intermediate rate been, say, 30 per cent, the new agreement would have been a fairer one.

There is nothing in the treaty to prevent Canada from raising its tariff where such injustices are apparent and demonstrable. The Liberal government could not be accused of imposing high tariffs on the country if, in the forthcoming budget, it were to seek to rectify patent injustices that were the result, first, of inattention to the intermediate tariff over a long term of years and, secondly, of hasty conclusion of the final negotiations at Washington.

* * *

Elephant In The North

FIGURES placed upon Hansard by Hon. C. D. Howe, Minister of Transportation, reveal that it is now only a matter of time until the Hudson Bay railway takes rank as among the major white elephants of the country. The Bay route is now firmly established as a continuing and increasing liability and the passing years cannot fail to increase, greatly, its capacity to consume taxpayers' dollars. The capital cost of the railroad and port is $53 millions. Last year the operating deficit on the railway was $336,000 and the operating loss on the 2,400,000 bushel elevator at Churchill was $13,000. The total operating loss, therefore, was $349,000. Assuming $2,120,000 as the interest charge against capital investment, the total loss to the government last year was just short of $2.5 millions.

Mr. Howe optimistically prophesied a time when possibly 25 million bushels of wheat would flow through Churchill each year. But the shipping season extends only from August 10 until October 15 and the maximum increase claimed by the most red-eyed of Bay enthusiasts is two weeks. What is abundantly plain, however, is that deficits and carrying charges will continue to pile up at the rate of $2.5 millions per year until a capital investment of $53 millions becomes $75 millions and so on.

The best thing to do with the Bay route is to write off the $53 millions capital investment as a lesson to be profited by the next time sectional enthusiasms appear likely to get out of hand. There would then be a real saving of some $350,000 in operating costs.

RETURN TO PRIVATE MANAGEMENT SEEN CANADIAN RADIO SOLUTION

(Continued from page 1)

to $5 a receiving set, in order to provide the $5 millions which, it is claimed, would be necessary to make government ownership in Canada effective. A storm would probably be unloosed which no government could ignore.

Fortunately the government's caution and frugality in its radio programme expenditures leaves the present government economically uncommitted. If there is a better way—and there is—it can take the new path.

Owns Only Two Stations

The commission owns only two stations, at Vancouver and Ottawa. These were taken over from the Canadian National Railways. It has leased five others.

For its all-Canada network it has made arrangements as well with 20 private stations and it has leased equipment from the Marconi company on an instalment basis. It uses Bell Telephone, C.N.R. telegraph and C.P.R. telegraph lines to aid it in the Canada-wide transmission of programmes.

Owners of private radio stations, 90 per cent of the total, argue that the government radio commission should not be both the competitor and the regulator of radio stations and of broadcasts. It should not sell advertising, they say, nor provide entertainment except as a national policy to enable everybody to hear the best Canadian talent.

One plan now before the government claims that programmes can be given across Canada for 16 hours a day in all time zones, if the ideal of government ownership and management is discarded.

Companies Discouraged

Before the commission started, some very exceptional programmes were being given. At one time or another, 15 companies put up the money needed for the big expense of Dominion network programmes. Five or six companies were using an all-Canadian network regularly in this way. Now there are but two.

Private broadcasting companies claim that if the Dominion government had contented itself with regulations rather than with ownership of stations, the quality of programmes now available in Canada to the public would be much better than at present. For some years before the commission took over, they could not make improvements in station equipment because of the danger of being taken over without compensation.

The only cogent reason for forming the Commission was to Canadianize broadcast programmes. The industry was already under competent government supervision.

Political Propaganda

Battle has already been joined in parliament over the use or abuse of the government control of radio for political purposes during the last election. A parliamentary committee will have to delve into all the facts concerning dramatized political broadcasts and canned interviews.

British System Unsuited

The example of the British Broadcasting Commission has been much cited in Canada. No advertising is allowed. High-class entertainment and educational broadcasts and exceptionally qualified speakers alone are permitted. But Major Gladstone Murray found this would not altogether do in Canada. He said the following principles should govern in Canada in his report some years ago:

First, freedom from state control;

Second, priority of entertainment feature in programmes;

Third, reconciling of remote state control with independent business management;

Fourth, encouragement of private companies to develop auxiliary programmes.

No plan can succeed if it does not take into account the fact that 10.5 millions of Canadians are spread across the northern half of this continent and next to a nation with 12.5 times the population.

U. S. System Pleases

Many excellent programmes are available from the United States. These have been developed under a system of private ownership of radios with the government in control. The National Broadcasting Co., the Columbia Broadcasting Co., and some others have organized splendid networks which cover the whole continent in an efficient manner. They are the backbone of the United States system.

Those programmes are practically all available here. If Canadian programmes are to hold Canadian audiences they must be as good. Testimony given at Ottawa in 1932 by Prof. Douglas Clarke, conductor of the Montreal Symphony Orchestra, Sir Ernest MacMillan, Principal of the Toronto Conservatory of Music and leader of the Toronto Symphony Orchestra, and F. R. Mackelcar, K.C., a member of the board of governors of the Toronto Conservatory of Music, indicates that Canadian programmes of high quality, and fully equal to anything available from other countries, can be put on the air.

Canadians want these but they still will want to tune in on the better programmes in the United States. Such fine programmes as those of the New York Philharmonic Orchestra, the Metropolitan Opera Co., and orchestras of Philadelphia, Boston and elsewhere will always be appreciated by music lovers.

Free Programmes Best

One of the ironies of the present situation is that the most appreciated programmes put out by the Canadian Radio Commission are these received for practically nothing from the large Broadcasting Systems in New York. They are given as an international courtesy and they go over Canada. The commission was formed to encourage native talent and to provide a means by which the best in Canada could be made available to Canadians and to others in other countries who desire to hear.

An advertiser can get a coast to coast broadcast from Halifax to Vancouver on 17 representative stations after 6 o'clock for $2,136 an hour. His programme costs would be over and above that. In the daytime it would cost him $1,803 an hour. For a network over 34 representative stations from Sydney to Victoria in the evening, he would pay $3,064 an hour.

Advertisers to Rescue

Representatives of former advertisers, however, tell The Financial Post that there is so much red tape and difficulty in the way of national hook-ups that they do not even consider using them. Apparently the difficulty is not that the Canadian Radio Commission objects to receiving such business as that it has made arrangements for the best evening time for its own programmes over a Dominion network and is therefore not able to give precedence desired to broadcasts arranged under advertisers' auspices.

In the United States private stations make special concessions in rates to the big broadcasting systems. The latter lease their own lines for 16 or 18 hours a day and they buy time of other stations for desired intervals at reduced rates. It is urged that similar conditions in Canada would soon increase the number of excellent programmes heard nationally.

Ashcroft Plan Studied

The Ashcroft plan, now before Premier King and Hon. C. D. Howe, Minister of Transport, suggests that a charter for ten years be given to a corporate body to be known as the Canadian Broadcasting Corporation.

It would take over the assets and liabilities of the present Canadian Radio Broadcasting Commission.

Each Canadian station would operate as an independent broadcasting unit under the jurisdiction and suzerainty of the corporation and with its support.

The corporation would be administered by a board of governors, five to seven in number, appointed on non-party lines and serving in an honorary capacity.

It is proposed there should be one governor each from the Maritime Provinces, Quebec, Ontario, the Prairie Provinces and British Columbia. The chairman would be appointed for five years and the other governors for four, three, two and one year terms respectively.

The license fee revenue would constitute a special trust fund to be paid by the treasury department to the corporation. If there were objections to the license fee, a tax on radio tubes sold in Canada could be paid by the manufacturer or importer and included in the sales price to retailers.

It would provide that radio stations be licensed annually to broadcast by the Minister of Transport on recommendation of the board of governors of the corporation subject to regulations as to technical equipment, power and frequency.

Appoint Managing Director

It is suggested that the corporation should appoint a managing director who would appoint whatever executive and clerical staff he might need, together with a regional director in each of the nine provinces.

It is also suggested that there should be an honorary advisory committee consisting of three persons in each province. One of them would be a representative of the radio stations. They would be appointed on non-party lines after consultation by the board of governors with each provincial government.

The corporation under this plan would aid the radio stations of Canada to render in their respective areas, a broadcasting service to the public of as high a standard and as comprehensive in scope as possible.

It could arrange network programmes of national interest including educational features and high grade musical programmes and compensate stations for such broadcasting.

It could provide necessary inter-station transmission facilities and bear their cost.

It should assume all fees and royalties for broadcasting copyright musical work on all radio stations in Canada.

Programme Policy Outlined

The suggested commission would arrange for a free interchange of sustaining programmes among Canadian stations. It should make available to all Canadian stations in areas not now so served, some of the better sustaining programmes of the American networks.

It should pick up suitable programmes from British, continental and other stations and transmit them for rebroadcasting in Canada.

It should encourage the broadcasting of sponsored network programmes of good calibre and provide the necessary transmission facilities for such programmes at a reasonable tariff.

It should advise in conjunction with provincial advisory committees with stations as to the character of their local broadcasting. The object of this should be to eliminate and debar objectionable sponsored or other features.

Under this plan, controversies would be settled with those locally interested by the regional director and provincial advisory committee. The matter could be referred, if necessary, to the managing director and the board of governors of the corporation when agreement proved difficult.

The activities of the corporation would be commercial only to the extent that this body would be the sole lessee of transmission facilities in Canada for broadcasting purposes and would sublet the facilities to stations and sponsors when required.

It would also deal with artists, musicians, actors, educators, lecturers and others in relation to their services for producing programmes. It would stage and introduce programmes.

All Day Programmes

The programme service would cover 16 hours a day and be made available to all radio stations in the five time zones from the Atlantic to the Pacific. The present commission supplies three hours in the evening at present.

The Trans-Canada Broadcasting Co. for several years from 1929 to 1933 furnished programme schedule for over 16 hours a day. This was available to nearly one half of the total radio public of Canada.

It was provided without the aid of any subsidy.

Amplified and improved through the resources of the Canadian Broadcasting Corporation it is stated that such a service could be given to all sections of the country for no more than present cost.

The continuous daily programme service of 16 hours would be available to all stations on a take it or leave it basis. Most of the stations would use the service all the unsold time.

The budget of the corporation compares as follows with the actual expenditures of the present commission in the year ended March 31, 1935:

New Broadcasting Budget

	Proposed	Present
Programme service ..	350,000	432,766
Station time	250,000	245,700
Transmission lines*...	500,000	332,942
Dept. of Transport. ..	250,000	......
Salaries & oper. exps.	200,000	289,000
Copyright fees	75,000	......
Reserve for conting...	125,000	......
New construction	......	74,689
Technical apparatus..	......	19,276
	1,750,000	......
*Less rev. from subletting of lines	250,000	......
Total	1,500,000	1,394,923

*For 16 hours service as compared with 3 hours service now.

Digest of Parliaments

Ottawa

Feb. 17.—Commons—Thos. Church, Conservative M.P. for Broadview (Toronto) moved a resolution calling for a national housing and reconstruction policy. The resolution was debated at length and then withdrawn by the mover.

Feb. 18.—Commons—Thos. Reid, Liberal M.P. for New Westminster, moved second reading of a bill to reduce domestic freight rates on wheat westbound to Vancouver to the level of export rates. Bill debated. Supply for Agriculture, Trade and Commerce and Railways and Canals considered.

Feb. 19.—Commons—A. A. Heaps, C. C. F. member for North Winnipeg moved a resolution calling for pensions to all citizens over sixty years of age. Debate continued.

Feb. 20. — Commons — Thos. Church moved an amendment to the Criminal Code under which fines would be payable in installments. Bill given first reading. Debate on Heaps resolution resumed. C. C. F.'s appealed from Mr. Speaker's ruling that the resolution was out of order and the ruling was sustained 158-22. Debate on Reid railway bill continued. Angus McInnis, C.C.F. member for Vancouver east moved a resolution providing that certain classes of immigrants (orientals) should be excluded from this country. Debate continued.

Feb. 21.—Commons—On motion of Hon. Ernest Lapointe, minister of justice, a special committee of the Commons is appointed to study and report upon amendments to the Election and Franchise acts. Supply for Agriculture and Railways and Canals considered. Reid railway bill further debated.

* * * *

Ontario

Feb. 17: Announcement of personnel of Standing Committee on Standing Orders.

Debate resumed on adjourned motion to give second reading to the Income Tax bill: Debate adjourned. Notices of motion for amendments to the Jurors Act, the Cemetery Act, Voters List Act. Bill No. 54, to reimburse municipalities in respect to income tax read a second time.

Feb. 18: Petitions from Mercantile Insurance Co., and Village of Forest Hill. Report presented by Standing Committee on Standing Orders. Following bills introduced and read a first time; Acts respecting the Town of Meaford, the Grand Council of the Canadian Order of Chosen Friends, the Synod of the Diocese of Ottawa, the City of Toronto, amendments to the Ontario Municipal Board Act. Debate adjourned to Feb. 20.

Feb. 19: Second reading given Income Tax bill. Reports presented.

Feb. 20: First reading given bills concerning amendments to the Voters List Act, the Marriage Act, the Cemetery Act.

Feb. 21: Standing committees named on privileges and elections, railways, private bills, public accounts, printing, municipal law, legal bills, agriculture and colonization, fish and game, and labor.

Annual report of Ontario Hospitals presented, also report on grants to rural, public and separate schools for the year 1934-1935.

Notices of motions to amend the Municipal Act, the Assessment Act, and the Voters List Act.

Second reading given bills concerning amendments to the Ontario Municipal Board Act, the Voters List Act, the Marriage Act and the Cemetery Act.

* * *

Alberta

Feb. 10: Debate on Speech from the Throne continues.

Feb. 11: First division of legislature on whether Social Credit plans to be revealed by the government during the session. Defeated 55 to seven. Debate continues.

Feb. 14: Motion to shed light on dismissals of nine Alberta civil servants defeated 53 to five. Motion to obtain full information of incorporation and sale of shares of the Calgary Albertan by Social Credit interests, defeated 53 to five.

Feb. 18: Bill introduced containing about 40 amendments to the Alberta Insurance Act of 1926, in line with similar action taken by other provinces. Debate resumed on Speech from the Throne.

* * *

Manitoba

Feb. 18: Fourth session of Manitoba's 19th legislature officially opened. Speech from the Throne read by Hon. W. J. Tupper, lieutenant-governor.

Legislation forecast for development of marsh lands in northern area of the province, and to extend time for payment of municipal tax arrears. Legislation arising out of the Dominion-provincial conference also forecast.

* * *

Saskatchewan

Feb. 14: Debate continues.

Feb. 18: Debate ends on Speech from the Throne. Motion adopted for submission of the budget after Feb. 19, thus paving way for attention of the House to estimates.

* * *

Quebec

Feb. 20: Opening of the Quebec Legislature is scheduled for March 24, according to an announcement by Premier Taschereau.

* * *

New Brunswick

The government of New Brunswick has set March 5 as the date of the opening of the 1936 session of the legislature, Fredericton announcements state. This is the latest date on which the legislature has convened in recent years.

* * *

Nova Scotia

No definite date has been set for the opening of the Nova Scotia legislature but the 1936 session will not take place until after the by-election in Halifax North, according to an announcement of Premier Angus L. Macdonald.

Obituary

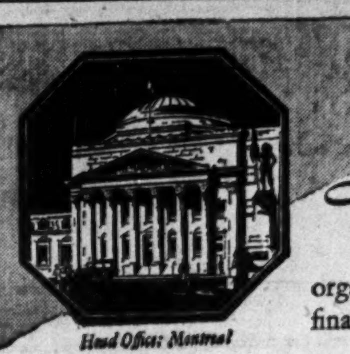
A. R. Gordon, representative of The Royal Bank of Canada in South American countries at Bogota, Colombia.

Harold Massey, former president, Pioneer Distillers Ltd., of Amherstburg, at Windsor, Ont., in his 48th year. He was born in Coldwater, Mich. Founder of Pioneer Distillers, the company was later absorbed by B. C. Distilling Co. At his death, Mr. Massey was president of Massey Oil and Gas.

Russell H. Williams, vice-president of R. H. Williams and Sons, Regina department store, in Regina.

R. T. Evans, president of the Grain Insurance and Guarantee Co., since its organization in 1920, at Winnipeg.

T. A. Hollinrake, former president of the A. R. Williams Machinery Co., chairman of the board of International Screw Co., Detroit, and member of the board of directors of the Canadian Manufacturers Association, in Toronto.



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Goodyear's New Chief

A. G. Partridge Brings International Viewpoint—Served in England and United States—Believes Big Business Should Push Promising Juniors

Goodyear of Canada's new president, Albert Gerry Partridge, is a strong believer in large business, industrial and financial institutions providing educational facilities for their promising workers. These young men should be thoroughly grounded not only in all phases of their own business, he considers, but should get cultural advantages whose main object is to enable them to think clearly and effectively on all sorts of problems. Men of large and enlightened views, he thinks, are the real hope of humanity as of business if the world is eventually to be straightened out and an adequate education is the best road to that.

A. G. PARTRIDGE

Managed in Three Countries

Mr. Partridge, who has been in Canada since March 4, 1935, as director and vice-president of Goodyear of Canada, comes from the United States as did the former president and founder of the Canadian business, C. H. Carlisle. He was born in Jamestown, N.Y., in 1880. His education was received at the public and high schools of Jamestown and he entered the tire and rubber business at the age of 19 years as a clerk in the office of the Diamond Rubber Co. at Akron, Ohio.

That was in 1899. From 1905 to 1920 he was with Firestone Tire & Rubber Co. of Akron, Ohio, and was vice-president and sales manager when he left that company to become manager of the Western division for Goodyear Tire & Rubber Co. His headquarters were in California from 1920 to 1928.

Goes to England

In 1928 he was sent to England to take charge temporarily of the affairs of Goodyear Tyre & Rubber Co. (Great Britain) but remained at the head office in Wolverhampton as director and general manager for seven years. Mr. Partridge was married in 1904. He has one son and two daughters. Who's Who says he is an Anglican, a golfer and a fisherman. He belongs to the A. F. & A. M. (Shrine, Knights Templar and Scottish Rite).

That is the bald record. He succeeds C. H. Carlisle, who knows the Canadian tire and rubber business better than any other individual in the world. The record shows it is very probable Mr. Partridge knows the world business in tire and rubber better than anybody else in Canada. He started without influence or special preparation. His success, it is safe to say, comes largely from the fact that he has exercised an intelligent curiosity not only about the details of the business beyond his particular job but about the world at large in which the rubber industry had to make its place.

Reads London Times

The scope of his newspaper reading makes that conclusion appear certain. When the Great War began, The Financial Post has ascertained, Mr. Partridge then in the United States promptly subscribed for the London Times. He could not know that he was going to be in England in 1928 and be a leading rubber company executive there but reading The Times through the intervening years was an excellent introduction. Just as significant of his tastes and habit of mind is that he brings from England another journalistic taste. He is now a subscriber to The Sunday Observer. He is enthusiastic about it and about the trenchant editor, Garvin.

All for Co-operation

Mr. Partridge strikes the casual observer as a man of comprehensive and pervasive intelligence. He has the appearance of being as strong physically and constitutionally as mentally. None of his qualities are obtrusive. One who enters into negotiations with him is struck at once with the atmosphere of reasonableness which seems at once to invest the conversation. In such an atmosphere it proves easy to agree. Friends can arrive at an understanding, foes seldom. To him knowledge and experience are the main implements of power to the man who can think well enough to use them. But the aim is agreement and the ideal solution one that helps everybody.

One central idea of his predecessor, Mr. Carlisle, was that working for harmony in the whole Canadian industry was working for the best interests of every company in the industry and for the consumer at large in the end as well. That is also Mr. Partridge's view.

The Case of Japan

"Wouldn't that be true for the world at large?" he answered when The Financial Post asked him his views on this point. "Statesmen of various countries are fighting by every trick they know to get the largest share possible of a world business which has been cut in half. We hear a lot against Japan, but Japan is not undercutting everybody else because she likes to do it. She has to sell goods at some price to keep her people working and her mills employed. When others then try to undercut Japan it has to go lower or thinks it has. It has an advantage in low labor costs. But on that basis of fight and undercut there would never be international concord or any enduring advantage to any country. The same thing is true in industry within a country."

Praises British Civil Service

Mr. Partridge admires the British Civil service intensely. He found the members almost invariably informed, alive, prompt, impartial, businesslike and able.

"You are governed in England by a bureaucracy, of course," he said. "But it is an intelligent bureaucracy which is not upset every time a new party gains power.

"More than ever since being in England I am in favor of a highly trained non-partisan civil service. In England it is a career for the most intelligent graduates of the universities. Many of them go to the universities with their eyes on the Civil Service as a career."

"Do they take specialized courses at all for the Civil Service?"

"They do not place the emphasis so much on technical training in England as they do in Canada and the United States. Their emphasis on classical education has distinct value as a preparation for living. Their graduates are taught how to use their brains. That is why I like the English universities."

Making Brains Work

"Does a young man going into an industrial company like Goodyear do better to get right into harness in his 'teens or will he do better eventually if he goes first to the University?"

"Any training which makes a man's brains work is giving him a valuable education," said Mr. Partridge. "That applies both to the University and to industry. You cannot draw a hard and fast line. I would say that in a young and growing business it is a good thing for the young man to get into it as young as possible and grow up with it. In an old line business—a long established business—that does not matter so much.

"Flying Squads"

"Goodyear University is right across from our main office in Akron, Ohio. It is a 6-story building as big as the New Toronto factory of Goodyear of Canada. We take into it what we call flying squadrons of young men. Some of them are university graduates, some of them high school graduates and all of them work for Goodyear.

"They are divided into three different squads, one on production, one on engineering and one on the sales end of the business. Those young fellows are taught the business thoroughly. They are moved from one department to another. It is really a revival and an extension of the apprentice idea such as they still have in England.

"With us they do not pay for their tuition. We pay them while they are learning. They put in so many hours of work in the plant and so many hours study in the University. They have regular hours of exercise in the gymnasium. The course lasts three or four years. It embraces lectures and study in mathematics, engineering, languages, stenography, secretarial work, accounting, and other subjects. Some of the future heads of the company are most certainly being developed this way. One of our vice-presidents was one of the first men to go through such a flying squad."

"Why call them flying squads?" he was asked.

Englishmen Eat It Up

"The reason is that they are moved from one department to another. If any department reports itself some day as six men shy, we would send to fill in six men who had worked in that department. It makes for flexibility. It gets over the difficulty in modern industry that with high specialization you may have a small department of 10 or 12 men hold up the work of hundreds if there is not some group capable of filling in anywhere.

"We do the same thing in England. The young Englishmen are accustomed to the idea of the apprenticeship system and it is surprising how well they take to it. Some of them find it hard at first to understand why they should get that kind of training and be paid for it as well. But they appreciate it all the more because it is unusual.

"We do it here in Canada. We do not have the University extension hook-up here. But we have classes which are addressed by departmental heads and these talk to the young men about their various problems."

Taxes Fairer in England

"Do you find the heavy taxation of England a disadvantage as compared with conditions in Canada and the United States?" he was asked.

"No. Everybody is taxed but they give you value. They start the income tax at about the equivalent of $1,000 here. They let industries earn the money before they take it away from them. There are no sales taxes to hamper business development. They need the money and they get it, but the taxes are fair and the collection businesslike. The man who pays does not feel that he is being gouged and is willing to pay. Business does not object to taxation when it sees that it is getting real service and splendid administration."

"Does a United States or Canadian business man find it hard to settle down in the ways of English business life?"

"A United States business man going to Great Britain to run a business gets a surprise when he finds there are almost as great differences in the methods of business, ways of thinking and talking as there are, for instance, between those of the French in Canada and the French in France.

"You have to learn the English language all over again. If a man tells an American his wife is 'homely' he does not like it. The Englishman would consider it a compliment. There are as great differences in commercial terms and usage.

Different Methods

"For example, you know how manufacturers of cars, tires and most other products have their system of branches and dealers here and how sales are pushed all the time. In England they have everything we have here, manufacturer and branches and dealers but the manufacturer has an added complication in the factors, who are really jobbers or wholesalers. He cannot ignore them.

"Even the dealers take a different attitude. They do not represent the manufacturer first. They regard themselves as agents of the customer. They strive hard, not to get agencies, but to get customers. Once they have a customer they expect him to stick by them. They will stick by him, too. They give quite exceptional service. If a customer wants to buy a Rolls Royce and the dealer happens to have a Daimler on his floor he doesn't mention the Daimler. He gets the Rolls Royce for the customer and gives him service afterward.

"It is hard to get customers in Great Britain. But once you have a customer it is just as hard for the other fellow to get him away from you.

Canadians Study in Two Schools

"They have no high pressure salesmanship in England and that is a good thing. I have had English salesmen try to sell me something by what they regarded as high pressure salesmanship. I concluded they must have learned it out of a book. It was a canned interview. They ran right through a set of words but they had not got the idea behind that type of salesmanship at all.

"Anyone doing business in England should realize from the beginning that the dealers have a strict code of ethics and he had better understand what that code is. For one thing a dealer will not do anything very direct to take a customer away from another dealer.

"It takes money to get into that market. You have to create a demand from the consumer before you can really do much toward established distribution. If the consumer wants your goods, however, the dealers will come to you. The client is king and must be served. But selling and advertising methods are not so aggressive as in this country.

"Canadians seem to understand both systems. They are at once more conservative than the American business man and more aggressive in selling than the Englishman. They are quicker than the latter to seize new ideas.

Duke of Connaught's Dogs

"Another difference between the United States and England is that there the law plays no favorites. I wanted to take a favorite dog with me to England when I went there. But I knew a dog had to go into quarantine for six months, and hesitated. Some of my United States friends said, 'You have some lords and other influential men on your board of directors in England. They will wangle it for you.' They didn't. My dog stayed six months in quarantine. In the next stall were two dogs owned by the Duke of Connaught, the King's uncle, and they stayed six months too.

"You don't argue with a policeman. He is polite and will call you 'Sir' when he arrests you. But it doesn't matter how high your position or your title may be, you have to obey the law. In fact, the more responsible you should be, the greater the punishment.

"I never saw the least sign of graft over there. There are no rackets, not in legitimate business anyway.

"'Do business men here work harder?'

"The English methods are probably better for the business men themselves. They do not burn themselves out. Probably the long week-end from Friday night to Monday morning has something to do with that. Possibly the fact that they have simple tastes explains it still more. They love outdoor employments. On their week-ends they play golf or potter around a garden. Rain never stops anything. If a walk is planned or a game of golf it goes just the same. They do not postpone anything. They do not make much fuss about anything. They do not wear rubbers but they do have thicker soles on their shoes.

"This love of outdoors is found all through Great Britain. On holidays it is surprising to see the mobs of people going on hikes, or on motor trips. They are just like swarms of bees. Fishing is a strictly rich man's sport in England. You have to have preserves, but everything else is open.

Business Men in Public

"I like the public spirit of business men in England. When a high class business man retires or gets in such a position that he can slow up a bit he is likely to take on municipal and state duties. I like the system of stipendiary magistrates. It is considered an honor to be a councilman or a magistrate. A great many of the positions are honorary. They do not attract the demagogue because there is no money in it for them. In the magisterial positions they do not have to scramble around to be elected. They are appointed because of their fitness. The result is that the law is strictly enforced and decisions are tempered with common sense."

Hunt's to Try Beer Business In Restaurant

Hunt's Ltd. has obtained consent of the Toronto city council to permit alteration of its Savarin restaurant, for hotel purposes. The restaurant building may now have a third floor added containing hotel bedrooms so that beer and wine may be served in accordance with Ontario laws.

If the venture is carried out, it will be Hunt's first experiment in the beer business. The Savarin, which has been leased for 10 years is one of the company's larger enterprises. In most of its stores, Hunt's Ltd. retails confectioneries, and does a general restaurant and tea room business, including sale of cakes and pastries.

Mount Royal Hotel Outlook More Favorable

From Our Own Correspondent

MONTREAL. — Outlook for the hotel business in Montreal is encouraging, due to the improvement in general conditions during the past year, according to a statement made by J. Alderic Raymond, president, at the annual meeting of the Mount Royal Hotel Co. shareholders.

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The Financial Post BUSINESS YEAR BOOK for 1936 contains the answer to the sales manager's prayer — 70 pages presenting a complete analysis of the buying power and other economic aspects of the Canadian market by communities. This information never before has been available.

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*Except on Standard 6 Models. P-118

Consider the Company Back of the Car

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HOCKEY THRILLS: Tune in every Saturday night at 9 p.m., Eastern Standard Time, to General Motors Coast-to-Coast Hockey Broadcast.

Investment Trends

Underlying Investment Demand

* * * *

What Share-buyers Are Seeking

The opinion has been so widely held that a decline in stocks has been overdue that a good deal of money has been withheld from investments in common shares. This is one of the main promises of underlying strength in the market.

One barometer of the investment demand underlying share prices is that on recessions in the market, favorite dividend-paying shares in the investment class remain firm. Weakness has been most marked in the riskier types of stocks in which there has been most speculation.

American investment here continues to reduce the floating supply of Canadian securities.

Prices Off Peaks

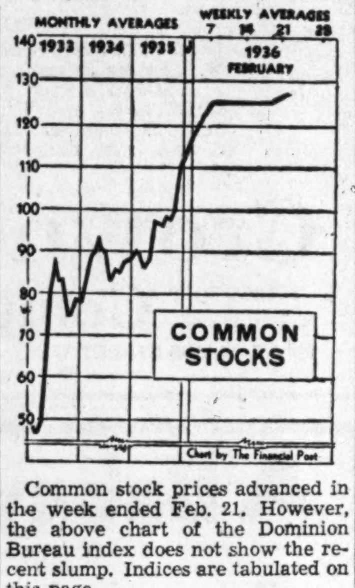
RECESSIONS in share prices this week leave market averages below their recent peaks for 1935-36, which were as follows:

Industrial shares:	High 1935-36
Montreal Stock Exchange	77.9
Toronto Stock Exchange	143.5
New York (Dow-Jones)	154.4

The suspicion that the intermediate upward trend of the past year is to undergo a major, even if temporary, reversal has not been fully proved.

A full "correction" of the past year's rise would probably take the respective indices down to about 69, 125 and 135. Even if such a recession were to occur, however, the view of market and economic analysts is that the long-term trend, say for the next three years, is upward; consequently forecasters think higher quality shares will show profits to the genuine investor.

* * *



Common stock prices advanced in the week ended Feb. 21. However, the above chart of the Dominion Bureau index does not show the recent slump. Indices are tabulated on this page.

Investors' Views

MORE and more people are enquiring of The Financial Post as to whether they should sell government bonds, and buy common stocks. The reason, of course, is a fear that inflationary trends may wipe out profits that now exist on government securities.

Increasing enquiries of this character themselves indicate one influence that may tend to reduce bond prices. The public is not eager to buy long-term government bonds at present low interest rates,

Would-be buyers of common stocks at present may be divided roughly into these groups:

1. Those who want proved investment stocks;
2. Those who wish to invest in the building industry in anticipation of greater than average recovery in that trade.
3. Those who want a gamble in speculative, low-priced common shares on which the possibilities of capital appreciation are largest.

Preferred shares are not in great demand, judging by enquiries. However, convertible preferreds and convertible bonds, or participating issues are popular. Investors want to share with equity holders any greater recovery that may be coming.

* * *

Demand and Supply

FUNDS of loan companies for investment are so ample that buyers of deposit certificates are not all welcomed at present. Industrial corporations are increasing their liquidity and reserves. Savings of individuals appear to be on the increase. Briefly, there is an unusually large supply of funds seeking investment.

Meanwhile, corporations are reducing the volume of their outstanding securities. Capital from abroad is taking securities off the Canadian market. Only governments are increasing the volume of securities.

Demand is outrunning supply and security prices naturally tend to rise. If the national income continues to increase, this trend can continue, provided, of course, that supplies of securities are not expanded.

* * *

Leverage and Trusts

INVESTMENT trusts offer diversified security and income to the smaller investor and should increase in popularity in Canada provided the mistakes of the pre-crash era of high investment trust finance are avoided.

In a time of rising income and values, the "leverage" principle lends attractions to shares of trusts that have substantial debt of their own. For instance, suppose a trust has outstanding bonds of $100,000, holds securities worth $120,000 and that it has 10,000 common shares. If the portfolio value rises to $140,000, or one-sixth, the equity for the shares rises to $4 each, or double the former figure. Had the capital of the trust consisted only of common shares, the rise in the equity would have been just one-sixth.

It must be remembered, of course, that shares of leverage trusts have an offsetting disadvantage in bad times. Their share equity shrinks faster than the equity in a trust with only common shares outstanding.

The greater rise in shares of trusts with a leverage factor in times of increasing values is illustrated below:

	Equity per share 1935 $	1934 $	Rise %
Leverage:			
United Corporation B	10.25	5.55	84.7
Power Corporation ..	16.00	8.40	90.5
Non-leverage:			
Can. General Inv'ts. .	10.55	8.96	17.7
Can. Investors Corp.	11.34	8.24	37.6

The same principle works with income too.

Apropos of investment trusts, Corporate Investors Ltd. reports this week that it has placed 63 per cent of its invested capital in common stocks, 31 per cent in preferred shares and only six per cent in bonds since its formation in 1932. It is a non-leverage trust at present, and has been expanding rapidly.

Loblaw Sales and Profits Continue Upward Trend

Both sales and profits of Loblaw Groceterias Co. increased over the four-week period ended February 8, compared with the corresponding period of 1935. This is a continuation of the recent trend.

Comparative sales and profits figures follow:

	1936 $	1935 $
4 weeks to Feb. 8:		
Sales	1,280,990	1,237,294
Profits	75,002	71,486
36 weeks Ended Feb. 8:		
Sales	11,028,220	10,564,096
Net profits	552,076	541,850

Neon Products Pays Preferred Dividend

Neon Products of Western Canada Ltd. has declared a dividend of $1.50 on its preferred stock, payable May 1 to shareholders of record April 15. With this declaration, preferred dividend payments are changed from a quarterly to a semi-annual basis.

Common dividends are paid annually. As in the previous five years a distribution of 25 cents a share was made on the common stock in 1935.

INVESTMENT SUGGESTIONS

	Interest Rate	Maturity	Approx. Yield
Dominion of Canada......	3%	1950-55	3.14%
Dominion of Canada......	3¼%	1944-49	3.00%
C.N.R. Gtd. by D. of C....	2%	1943	2.25%
C.N.R. Gtd. by D. of C....	3%	1948-53	3.19%
Province of Manitoba.....	3½%	1949	3.85%
B.C. Power Corporation...	5½%	1960	4.97%
Canada Northern Power..	5%	1953	4.60%
Kingston Elevator Co.....	6%	1950	6.00%
Power Corp. of Canada...	4½%	1959	4.78%
Union Gas Co. of Canada.	4½%	1950	4.68%
Canada Northern Power..	7%	Preferred	6.42%
Internat. Bronze Powders.	6%	Part. Pfd.	5.36%
Power Corporation........	6%	Part. Pfd.	6.52%
Reliance Grain............	6½%	Preferred	6.77%

Full particulars on request.

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TAXATION BOOST FACES B. C. POWER

Officials Protest Levies Up 108 Per Cent in 10 Years

From Our Own Correspondent

VANCOUVER.—How the burden of taxation has weighed heavily upon public utility corporations was strikingly illustrated by President W. G. Murrin and James Hamilton, vice-president and general manager of the B. C. Power Company, when they appeared before the city council to discuss a proposal which would give the city power to expand its taxing privileges.

Utilities Hit

"I have no hesitation in saying that we pay more proportionately in taxes than any other company in Canada with which we can reasonably be compared," said Mr. Murrin. "During the past ten years the total amount paid in taxes has increased 108 per cent, whereas during the same period gross revenues have increased only 12 per cent."

While preliminary negotiations for a revision of the three-year street railway car fare will soon get under way, the public utilities are concerned with the city's proposal to obtain authority from the legislature to increase the basis of taxation of public utilities for their poles, rails, wires, conduits, mains and other facilities using city streets. At present the companies are taxed one per cent of their annual gross revenue derived within the city limits. The city wants to increase the basic tax to three per cent, which would cost the two companies about $200,000 more a year.

Compromise

It is possible some compromise may be reached. Both Mr. Murrin and Mr. Hamilton pointed out the only revenue they obtain is from rates charged to the public and these might have to be increased should the charges of operation be made any greater. Either that, or service and improvements would have to be curtailed.

$20 Millions for Price Bros.

Aluminium Ltd. and Lehman Bros. Offer to Purchase Assets for Cash—Nothing for Shareholders

From Our Own Correspondent

MONTREAL. — Twenty millions for Price Bros. & Co., lock, stock and barrel, is the offer put forward by Pacona Ltd., on behalf of Lehman Bros., New York bankers, and Aluminium Ltd. The latter controls the Saguenay Power Co. (formerly Duke-Price Power Co.) and Saguenay Electric Co. which are among the creditors of Price Bros & Co.

In the past two offers have been made with a view to bringing about an internal reorganization of Price Bros., but in each case they have been blocked by the preferred shareholders. These plans were put forward under the "scheme of arrangement" as provided by the Bankruptcy Act, under which no plan could be approved without the assent of 75 per cent of all the interested parties.

The arrangement now submitted to the bondholders' protective committee and to the trustee-in-bankruptcy, Hon. Gordon W. Scott, is an offer for the purchase of the assets and is not an internal reorganization. In that way it is not necessary to secure the 75 per cent approval.

Features of Plan

The main features of the Pacona plan are as follows:

1. Bondholders will be paid in Canadian currency the par value of their bonds, plus accrued interest.

There are presently outstanding $11,061,600 of 6 per cent first mortgage bonds, on which accrued interest to Feb. 1, 1936, amounted to $2,650,000, or a total of $13,700,000. Under the terms of the trust deed both principal and interest is payable in Canadian currency, American dollars or pounds sterling, at the option of the holder.

2. Expenses of the bondholders' protective committee will be paid up to a specified maximum amount.

While no details have been made public as to expenses of the committee, they have been described in well-informed quarters as "simply staggering." It is understood the Pacona plan makes provision for at least $1 million of expenses by the committee.

3. Provision is made for the satisfaction of the claim of Saguenay Power Co. by Pacona and its assumption of the contracts between Price Bros. & Co., and the Saguenay Power Co., Roberval and Saguenay Railway and Saguenay Terminals.

The principal item here is the contract made between Price Bros. & Co. and the former Duke-Price Power Co., for 100,000 h.p. of electrical energy costing about $870,000 annually. This contract was not recognized by the receiver-in-bankruptcy. The power company has maintained that the contract is binding. At the same time it has entered with the receiver a claim for breach of contract. In the event of the sale of assets to Pacona, this contract would be restored to good standing and claim for damages washed out.

Offer to Unsecured Creditors

4. The trustee-in-bankruptcy is offered $1,692,324 for all the property and assets of the bankrupt company, except as specifically excluded by the terms of the offer.

The known liabilities (other than those provided for) total about $1,367,324. These exclude any liability to Price Realty Co., and include an amount of $1 million in respect of the claims of Consolidated Paper Corp. against Price Bros. & Co. and Price Bros. Sales Corp., for which amount it is understood these claims can be settled. There are, however, two claims totalling $23,088 at present before the court for adjudication not included in this figure.

Distribution by Trustee

The amount offered to the trustee-in-bankruptcy would be distributed as follows:

Known liabilities not otherwise provided for	$1,367,325
Claims before the court for adjudication	23,088
Estimated provision for fees of trustee-in-bankruptcy, inspectors' fees, etc.	130,000
Total	$1,520,413
Total cash offered	1,692,324
Apparent surplus	$171,911

Price Realty Left Out

To the extent that the claim of Price Realty Co. may exceed $171,911, there would appear to be insufficient to pay creditors 100 cents on the dollar.

No provision is made for the assumption by Pacona of the lease between the bankrupt company and Price Realty Co.

Assume Current Liabilities

5 Pacona will assume and discharge all bank and other current liabilities incurred in the carrying on of operations by the trustee and also the various taxes and transfer bonuses, other than the levy referred to in Section 126-A of the Bankruptcy Act.

Nothing for Shareholders

6. No provision is made for either the preferred or common shareholders.

There are outstanding $6,284,300 of preferred stock and $42,683,200 of common stock.

* * *

Highlights

More than four years have passed since the company made payment to its bondholders and the unsecured creditors have waited for their money at least since March, 1933.

* * *

The Aluminium interests were also party to the other two offers put forward for an internal reorganization, both of which were blocked by the preferred shareholders led by R. H. Collis, of Kitcat & Aitken, of London, Eng. Under the last plan voted on by the interested parties, the preferred shareholders were offered par for par in new 5 per cent securities, payable to the extent earned.

If the Pacona plan goes through, there will likely be a lot of explaining to the preferred shareholders by those who opposed previous plans.

* * *

The Royal Bank of Canada, as the largest holder of common stock in Price Bros. & Co., is interested in the Pacona scheme. The bank came into possession of this stock through loans made to the Quebec Investment Co., a bankrupt holding company of the Price family. The bank is understood to have long since written off this loss.

* * *

The English Lords—Beaverbrook and Rothermere—are not interested parties to the Pacona plan. They were partners with Aluminium Ltd. in previous offers.

* * *

It is understood that if the Pacona offer is accepted, it is not the intention of Lehman Bros. and Aluminium Ltd. to make a public offering of securities—at least not in the near future.

With the transfer of assets to Pacona, Saguenay Power Co. would then be able to go ahead with its long deferred refunding plans, which are said to have been held up by the fact that one of its three principal customers—Price Bros & Co.—was in bankruptcy.

* * *

In all the plans put forward to date, none assumes liability in respect to Price Realty Co. The old company entered into a lease which guaranteed operating expenses, taxes, and fixed charges on the bond debt of $750,000.

For Value Received

Pacona Offers in Cash	
To Bondholders....	$13,700,000
Unsecured creditors*	1,692,324
Loans and current liabilities.	3,100,000
Committee expenses	1,000,000
Total	$19,492,324

*Exclusive of claim of Duke-Price Power Co. and associated enterprises.

Pacona Receives in Return

2 newsprint mills (daily capacity 1,100 tons).

3 special mills.

3 sawmills (capacity 75 million feet).

9,669 square miles of timber limits containing 54 million cords of pulpwood.

6 power plants (capacity 63,250 h.p.).

4 undeveloped power sites (61,000 h.p.).

8 per cent stock interest in Duke-Price Power Co.

15,000 shares of Aluminum Co. of America.

14,766 shares of Aluminium Ltd.

Some $5 millions current assets and investments.

Investment Notes

United Fuel

Undoubtedly considerable depreciation has occurred in assets of United Fuel Investments and a reduction in capital appears advisable, states Macrae & Co., Toronto. The opinion is expressed, however, that at 25 the preferred shares present possibilities for considerable appreciation. Earnings have been running slightly above $2.50 a share on the preferred.

* * *

What is High?

Opinion in stock market circles seems to be that Canada Cement common is relatively high at $7 or more. The reasons usually expressed for this view are the large preference claims and the fact that in 1929 earnings were only 39 cents a share.

* * *

Building Products

Operations of Building Products Ltd. for the current year are on a more substantial basis than a year ago, considering the report on domestic shipments of insulating board issued by the Dominion Bureau of Statistics. During last January shipments of board totalled 2.4 million square feet, as compared with 1.2 million square feet for the same month last year. These figures represent the shipments, not only of Building Products, but of Alexander Murray & Co. and International Fibreboard Co., but can be taken as indicative of the trend of business for Building Products.

* * *

Can. Bakeries

Rise of Canadian Bakeries preferred to 55 is based on an unofficial scheme to capitalize dividend arrears. The plan originates outside the company and therefore faces an uphill path.

* * *

Canadian Celanese

Japanese competition has so far no appreciable effect on operations at the Canadian Celanese Co. plant at Drummondville, P.Q. The Japanese rayon products do not come into direct competition with the goods produced by Canadian Celanese, as the latter are normally in a high priced class and supply is somewhat different demand.

Real silk manufacturers in the Drummondville area report a somewhat similar condition. Operations in January showed some improvement over December, with production of real silk fabrics, also Celanese, being on a larger scale.

* * *

Fraser Cos.

Interest on Fraser Companies' bonds has accrued since the reorganization in 1932. The company has the privilege of paying off arrears over the next nine years, but the effect on working capital is such that directors have in mind working out a plan to liquidate the arrears. Preliminary negotiations along these lines are under way at present and a plan will be submitted to the bondholders when a satisfactory arrangement has been arrived at.

* * *

Cosmos Increase

Cosmos Imperial Mills common should become a more popular trading medium on the Toronto Stock Exchange with the increase in total common shares outstanding, and with the increase in dividend rate to 80 cents a share per annum.

* * *

Rogers-Majestic Loss

Rogers-Majestic Corp. will show a loss after depreciation in the year ending March 31, 1936. This confounds some expectations that results would be no worse than in 1934-35 when .6 of a cent a share was earned.

* * *

B. C. Power

No change in the dividend rate on the class "A" stock of B. C. Power Corp. is in prospect for the near future, judging by current reports on earnings. In the first seven months of the company's year gross revenue has showed an increase just short of $500,000, but operating expenses increased to nearly $400,000, leaving a net gain in operating revenue of only $87,250. As the company's dividend in the 1934-35 year was covered by a small margin, the moderate increase in earnings this year does not indicate any change in the company's dividend policy.

Significant Investors' Index Numbers

1926 = 100

	Iron and steel	Pulp and paper	Milling	Oils	Textiles and clothing	Food and allied products	Beverages	Total industrials	Total utilities	Total co's.
No. of Securities	15	6	5	5	11	18	9	89	23	112
1929-35:*										
High	388.9	113.4	273.4	423.5	113.5	197.8	205.4	317.6	166.0	232.6
Low	39.8	2.8	37.7	83.6	28.0	72.1	28.5	49.3	33.1	40.9
Monthly Figures, 1936:										
January	130.3	18.6	80.0	231.0	75.5	153.6	151.7	187.7	52.4	117.8
Weekly Figures, 1936:										
Feb. 6	136.4	20.0	81.9	250.9	73.4	157.5	150.7	199.3	55.0	124.2
Feb. 13	137.4	21.2	84.8	249.7	74.4	159.2	150.4	199.5	55.0	124.3
Feb. 20	142.5	20.8	85.9	247.8	72.8	159.6	150.6	202.1	57.9	126.9

*High and low of years from 1929 to 1935 inclusive are based on weekly figures. Compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	20 Misc. Mines
Feb. 25	139.58	129.96	140.17
Feb. 24	141.62	132.12	144.03
Feb. 22	143.48	132.95	143.46
Feb. 21	142.67	132.64	143.77
Feb. 20	142.63	132.47	143.47
Feb. 19	141.21	133.35	143.25
Month ago ..		Holiday	
Year ago ...	105.95	115.48	83.60
High, 1936 ..	143.48	135.81	144.33
Low, 1936 ...	129.13	121.37	123.59

Montreal Averages

	10 Util.	20 Indus.	30 Comb'd
Feb. 25	...	...	...
Feb. 24	72.9	77.5	76.0
Feb. 22	73.2	78.4	76.6
Feb. 21	72.6	78.3	76.4
Feb. 20	71.7	77.7	75.7
Month ago		Holiday	
Year ago	59.1	60.3	59.9
High, 1936	73.2	78.4	76.6
Low, 1936	68.0	70.3	69.6

Russell Motor Preferred May Become Redeemable

Shareholders Are Asked to Grant Directors Right to Call Shares at Price Within Their Discretion — Pays Seven Per Cent

On March 4 preferred and common shareholders of Russell Motor Car Co., Ltd., will be asked to do away with the non-callable feature of $1.2 millions of 7 per cent cumulative preferred stock of $100 par value, now outstanding.

As matters stand the only way in which this stock can ever disappear is by exercise of the conversion privilege into common stock share for share. The common stock has not paid as high as 7 per cent since 1921, and therefore this avenue of disappearance is not likely to be used for some time at least. No common stock dividend has been paid since 1933 and it is probable that its investment position would be greatly improved by redemption of preferred stock.

The new by-law which investors are asked to approve does not mention a call price. The stock is at present preferred as to dividends and as to assets to the extent of par in case of liquidation. There were arrears of dividends on the preferred stock of 4 per cent on February 1, 1936.

To Fix Redemption Price

The directors ask the right to fix the redemption price from time to time. They would then pay par of $100 a share out of capital and the rest of the redemption price decided on out of surplus. The modus operandi described in the by-law is for the directors to decide on number of preferred shares to be redeemed, and to notify the shareholders so that each will have an opportunity to sell a part of his shares in accordance with the fraction determined on. In case the offer is not accepted in 45 days by some of the shareholders, each accepting shareholder is asked to state what further number of shares he will be willing to sell to make up the difference. Then notice will be given to each preferred shareholder who has accepted the offer of the number of preferred shares to be redeemed and of the date of redemption and payment within 75 days of the first notice. The shares will then be cancelled.

Dividends due on this 7 per cent preferred stock have been paid ever since the company was formed in 1911 with the exception of 4 per cent arrears due on February 16, 1936. Only in two periods has the company been obliged to stop paying for a time. When the Great War broke out no dividends were paid in 1914, 1915 and 1916, but arrears were all paid in 1917. The recent depression also forced the company to adopt this cautious policy and the 7 per cent dividend dropped to 4¾ per cent in 1933 and to 4¼ per cent in 1934. Then 8 per cent was paid in 1935 on the basis of dividends received only from one subsidiary. Investors are wondering if the company is "away again."

Actual earnings and position of subsidiaries are not shown. Russell Motor Car Co. is a holding company formed under the Ontario law which does not require a consolidated statement as does the Dominion law. These subsidiaries, especially Canada Cycle & Motor Co. and Canadian Acme Screw & Gear, are generally regarded as strong industrial units, but the only view of their earnings is in the remarks concerning operations by the president at the annual meeting. Earnings may be much better than dividends paid would indicate, many market observers think.

For figures of Russell Motor Car Co. see page 17.

Caribbean CRUISES VIA

S.S. Lafayette

LEAVING MARCH 20

Nassau - Kingston Port-au-Prince - Bermuda

3641 miles in 11 days

$135 up

BERMUDA CRUISES APRIL 2 & 8 5 days. $45 up

Information from your travel agent or

French Line

53 Richmond St. West Toronto

1196 Phillips Place Montreal

Special Rail Fares Applying.

Dominion of Canada Guaranteed C.N.R. Bonds

Unconditionally guaranteed as to principal and interest by the Government of the Dominion of Canada

Maximum security, regularity of income and marketability are provided by these Bonds, which mature February 15th, 1953, and bear 3% interest. Denominations of $1,000 and $500 are available.

Price: 97.50 and interest, yielding 3.19%

Mail enquiries receive careful attention.

Wood, Gundy & Company Limited

Toronto Montreal Winnipeg London, Eng. 36 King Street West Toronto TELEPHONE: ELGIN 4321 Ottawa Hamilton Vancouver London, Ont.

Howard Smith Plan Approved by Courts

From Our Own Correspondent

MONTREAL.—Court approval has been given to the agreement entered into between Howard Smith Paper mills and the holders of its 6 per cent cumulative preference shares in settlement of dividend arrears.

The arrangement approved by the shareholders at a meeting in Montreal on February 12, called for the payment of $2 a share as cash dividend to preferred stockholders and the issuance to them of one-eighth of a preference share and one common share for each preference share now held.

Montreal Biscuit Co. Assets Are Distributed

From Our Own Correspondent

MONTREAL.—In connection with the winding up of the Montreal Biscuit Co., subsidiary of McCormicks Ltd., announcement appears in the Quebec Gazette to the effect that the entire assets of the company have been distributed among the shareholders according to the number of shares held by each shareholder.

Meeting the problem of LOW BOND YIELDS

Many investors who are faced with the problem of declining bond yields are turning to high-grade Preferred Stocks to offset the loss of income from their bond investments.

Preferred stocks of well-managed, successful companies offer a high degree of security combined with a more attractive yield than is obtainable to-day from bond investments.

We shall be pleased to submit a list of Preferred Stocks recommended at this time. There is no obligation, of course.

BONDED CORPORATION LIMITED

80 King Street, West, TORONTO

ADelaide 7408

Montreal Quebec Saint John

Without obligation, please advise me on current investment opportunities. Send list of recommended Preferred Stocks.

Name

Address

TORONTO, WINNIPEG, PORTAGE LA PRAIRIE REGINA, CALGARY

The Fifty-Second Annual Report of

THE PORTAGE MUTUAL INSURANCE CO. MUTUAL SERVICE WITH SECURITY

Established 1884.

The PORTAGE LA PRAIRIE Mutual Insurance Company

Balance Sheet ..... December 31st, 1935

ASSETS	
Book Value of Real Estate	$ 10,000.00
Book Value of Bonds and Debentures	438,816.46
Deposits with Trust Companies	50,000.00
Book Value of Stock	137.50
Cash on Hand	4.25
Cash in Bank	39,577.51
Interest Accrued	6,723.86
Assessments Due	19,562.30
Agents' Balances	36,677.33
Re-Insurance Due on Losses Already paid	4,957.29
Surrender Value of Life Ins. Policies	15,885.99
All Other Accounts Receivable	651.41
	$622,993.90

LIABILITIES	
Provisions for Unpaid Losses	$ 53,411.96
Reserve of Unearned Premiums.....	179,884.12
Provisions for Taxes	7,000.00
Re-Insurance Premiums Due	16,939.20
Reserve for Unlicensed Re-Insurance	35,339.96
Reserve for Unlicensed, Unsecured Re-Insurance	7,386.01
SURPLUS ASSETS	323,032.65
	$622,993.90

Market Value of Bonds and Stocks over Book Value......$ 36,487.24

Unassessed Premium Notes 550,990.57

February 10th, 1936.

I hereby certify that the Balance Sheet of The Portage la Prairie Mutual Insurance Company is drawn up so as to exhibit a true and correct view of the Company's affairs, according to the best of my information and explanations given, and as shown by the books of the Company.

C. D. CORBOULD, C.A.

M. G. TIDSBURY, President.
A. H. THORPE, Mgr.-Secretary.
E. H. MUIR, Vice-President.
A. G. HALL, Treasurer.

DIRECTORS:

E. H. MUIR, M. G. TIDSBURY, P. D. McARTHUR, JAMES McKENZIE, ROBERT McDERMOTT, D. L. CAMPBELL, E. D. ALDER, JOS. TRIMBLE, A. SULLIVAN, K.C.

The Company operates under the Dominion Insurance Act, and is subject to annual inspection by Dominion Government Officials.

FIRE AND WINDSTORM INSURANCE

Bond Markets

New Enterprise Obtains Funds

• • • •

Ontario Hydro Sells Issue

Indicative of the ease with which sound enterprises can obtain money at the present time is the over-subscription of the $400,000 issue of Three Rivers Grain and Elevator Co. 5½ per cent first mortgage 15-year bonds. Offered to yield 5.65 per cent, the demand was so great that the issue was over-subscribed several times before the public offering was announced. The yield was much more attractive than on any offering for some time and undoubtedly was a prime factor in the speedy disposal of the issue.

The Hydro-Electric Power Commission of Ontario has sold $15 millions of 2½ per cent 5-year bonds to a syndicate of banks and investment houses at 99.561. The cost basis to the Hydro is 2.59 per cent, the lowest in its history. Sale of the $15 millions issue is in accordance with the new policy under which the Hydro will undertake to do its own financing. In the past, the borrowing has been done by the Ontario government which in turn has loaned the money to the Hydro.

Deferment of a definite ruling on the Great Lakes Paper Co. sale weakened newsprint bonds generally.

Favor Bonds

DURING recent months several Canadian corporations have replaced their preferred stock issues with bonds. Among such are Canada Packers, Silverwood's Dairies and Dufferin Paving.

Explanation lies in high corporation income taxes. A company is taxed on its entire earned income. This means that it is not allowed any deduction for preferred dividends in arriving at taxable income. Interest on bonds, however, is deductable. Replacement of a large issue of preferred stock by bonds results in a substantial saving in taxes.

For this reason it is possible that other corporations will prefer to keep bonds outstanding in order to reduce income tax, depending on whether it is profitable or not.

* * *

Price Bros.

EXPLANATION of the recent sharp rise in quotations of Price Bros. bonds lies in the latest reorganization proposal for the company.

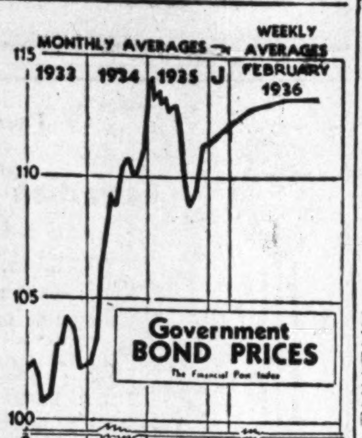
Indications are that the market was aware that a new reorganization proposal was in the offing. Since the first of the year Price Bros. bonds have risen from 88.25 to 113.50. During February alone, there has been a rise of 19 points. Arrears of interest amount to over 26 per cent. If the scheme is approved bondholders will receive $126 for each $100 of principal.

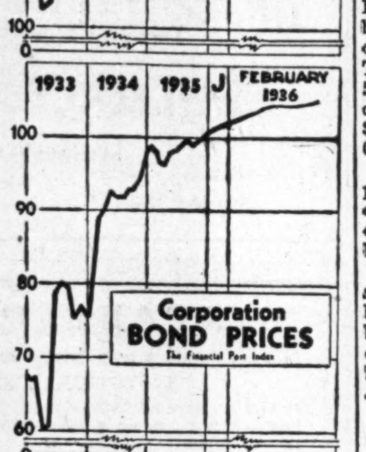
* * *

Bond Prices

THE major advance in Canadian bond prices seems to be over. Recent gains in The Financial Post index of corporation and government bonds have been minor in character.

The following indicates the trend of the high-grade bond market.





The Financial Post Average Yield and Price for Seven High-grade Government Bonds

1936	Yield %	Price $	1935	Yield %	Price $
Feb. 25	3.375	113.84	Feb. 25	3.465	113.97
Feb. 24	3.375	113.84	Feb. 23	3.462	114.00
Feb. 22	3.371	113.88	Feb. 22	3.490	113.62
Feb. 21	3.378	113.77	Feb. 21	3.515	113.48
Feb. 20	3.387	113.68	Feb. 20	3.507	113.50
Feb. 19	3.388	113.66	Feb. 19	3.514	113.50
Feb. 18	3.383	113.75	Feb. 18	3.514	113.51
Feb. 17	3.390	113.64	Feb. 16	3.530	113.37
Year's	3.371	113.88	Year's	3.367	114.97
Range	3.597	111.50	Range	4.097	106.57

THREE RIVERS ELEVATOR BONDS OVERSUBSCRIBED

$400,000 Issue by W. C. Pitfield & Co. and Norris Grain

From Our Own Correspondent

MONTREAL.—W. C. Pitfield & Co. and the Norris Grain Co., handled public offering of $400,000 of Three Rivers Grain & Elevator Co. 5½ per cent first mortgage bonds. The issue was heavily oversubscribed.

The company will own and operate a new reinforced concrete grain elevator being constructed at Three Rivers, the initial unit of which will have a storage capacity of 2 million bushels of grain. Present plans are to have the elevator ready for operation by September 1 next.

Particulars of the issue follow:

$400,000
Three Rivers Grain and Elevator Co., 5½% First Mortgage 15-year S. F. Bonds Series "A"

Dated March 1, 1936; mature March 1, 1951. Principal and interest payable in Canadian funds only. Bonds are callable.

Company: Incorporated in Quebec to construct and operate a grain elevator at Three Rivers, P.Q.

Capitalization:	Authorized	Issued
1st mgte. bonds ...	$1,000,000	$400,000
% cum. preferred	400,000	300,000
Common, n.p.v. ..	25,000 shs.	15,000 shs.

Management: Interests associated with the Norris Grain Co. will manage the company. Directors have underwritten the preferred stock, agreeing to put up $300,000 in cash.

Guarantee Bonds: Company will deposit with the trustee guaranteed bonds for not less than $250,000 to cover obligations under the construction contract.

Earnings: On handling of 12 million bushels annually, gross revenue estimated at $198,000 and net at $138,000. After $25,000 for depreciation, balance for interest on bonds, before income tax, $113,000.

Security: Bonds to be secured by first mortgage on property. No dividends can be paid on stock when net working capital is less than $50,000.

Sinking Fund: Annual sinking fund at $6,000 will commence Sept. 1, 1937.

Offered: By W. C. Pitfield & Co. and Norris Grain Co. at 98½, to yield 5.65 per cent.

COSMOS IMPERIAL OFFERING COMMON ALSO PREFERENCE

Offer to Shareholders Underwritten by A. E. Ames & Co.

Cosmos Imperial Mills Ltd. is redeeming its seven per cent first preference shares on April 1 next, funds being partially provided through the sale of $500,000 of new five per cent first preference shares and 30,000 shares of no par value common stock.

The new preference stock and the 30,000 shares of common stock have been both underwritten by A. E. Ames & Co. and an initial offering is being made to present shareholders of the company. Holders of seven per cent preference shares are entitled to subscribe to new preference shares on the basis of five new shares for each 12½ shares held. Common shareholders may subscribe for three additional common shares for each seven common shares held. Rights to shareholders expire March 2.

Cosmos Imperial Mills Ltd.

Issue: $500,000 of 5 per cent cumulative first preference shares and 30,000 n.p.v. common shares.

Company: Manufactures heavier grades of cotton duck. Operates plants at Hamilton, Ont., Yarmouth, N.S.

Capitalization:	Authorized	To Be Outstand.
5% pref., par $100	$500,000	$500,000
Common, n.p.v. ..	100,000 shs.	100,000 shs.

Earnings: For 9½ years, average annual profits available for preference dividends, $154,860, or 6.19 times annual requirements on new preference shares. Common earnings in 1935, on basis of new capitalization, equivalent to $1.65 a share.

Purpose of Issue: Proceeds to be used in retiring seven per cent shares called for redemption April 1, 1936.

Preference Provisions: Entitled to 105 in liquidation. Callable in whole or part at 105.

Sinking Fund: Three per cent of preferred stock annually, starting 1937.

Offer: Preferred at 100, common at $17, by A. E. Ames & Co., Toronto.

Amalgamated Electric Changes Executive

From Our Own Correspondent

MONTREAL. — At the annual meeting the Amalgamated Electric Corp. W. L. Bayer announced his resignation as president of the company. He is succeeded by P. F. Sise, president of Northern Electric Co., which company control Amalgamated. W. L. Bayer was elected chairman of the board. P. Murphy, of the Northern Electric, was elected vice-president and managing director.

Thetford-Vimy's Bonds Called for Sinking Fund

From Our Own Correspondent

MONTREAL. — Thetford-Vimy Ltd., subsidiary of Asbestos Corp., has called for sinking fund $37,700 of its seven per cent 20-year first mortgage bonds. Payment will be made at par and accrued interest on March 1.

Consequent upon this operation, the underlying funded debt and the underlying obligations of Asbestos Corp. will be reduced to around $450,000.

WPG. ELECTRIC PLAN APPROVED IN FINAL FORM

New Issue of Bonds Likely To Be Put on Market Shortly

From Our Own Correspondent

MONTREAL. — Reorganization plans of Winnipeg Electric Co. and its subsidiaries have been approved by the Manitoba Court.

Decreased earnings of the company under general business conditions since 1929 led to the reorganization proposals for Winnipeg Electric and its subsidiaries, Northwestern Power and Manitoba Power. Negotiations have been carried on over an extended period and in its final form, interest charges are reduced to a point where they can be covered comfortably by current earnings.

Under the scheme of arrangement Winnipeg Electric Co. will issue new 5 per cent first mortgage bonds, due 1960, totalling $3.5 millions for refunding. Additional new bonds may be issued up to $7.5 millions, inclusive of the proposed issue of $3.5 millions. Repayment of bank loans is provided along with other changes in the financial structure directed at re-establishment of the company.

It is understood that a public offering of the new Winnipeg Electric first mortgage bonds will be made in the near future by a syndicate

Dominion Traction Bonds Get Exchange Offer

Notice has been given to bondholders of Dominion Traction & Lighting Co. to surrender their bonds to Trusts & Guarantee Co., Ltd., and to Investment Registry in London, England, in return for bonds of Windsor Gas Co. on a basis of 90.3 per cent of their holdings. There are about $1,178,000 30-year 5 per cent bonds due May 1, 1943, outstanding and they are secured by $1,068,000 of bonds of Windsor Gas Co., subsidiary of Union Gas Co.

A cash distribution representing proceeds from the sale of fractions of Windsor Gas Co. bonds and from other cash held by the trustee will be made at a later date.

The Windsor Gas Co. bonds were security behind Dominion Traction bonds before Windsor Gas Co. was bought by Union Gas Co. The exchange now made was approved by bondholders at a meeting on July 2, 1935.

Creditors Seek New Plan From C. & B. Sugar Plant

Creditors' committee of Crosse & Blackwell had a meeting on February 24 to consider plan to accept 5 per cent payment down from Beamish refinery, 5 per cent in three months and the balance in five-year certificates of indebtedness not bearing interest. The plan was not acceptable in some points to the committee and the meeting was adjourned until April 15.

In the meantime another plan will be worked out if all can agree and it is hoped to have something ready for the next meeting.

Riverside Silk Mills Pays 50c on Class "A"

Riverside Silk Mills continues payment of 50 cents a share quarterly on the Class A stock. Latest dividend declared is payable April 1 to shareholders of record March 14.

The full dividend on 3,000 shares Class A stock is $2 a share annually. It has been paid annually in 1934 and 1935 but arrears of $1.75 a share have been carried forward through both years. The company earned $2.66 a share in 1935.

Bond Sales

Ontario Hydro

The Hydro-Electric Power Commission of Ontario has sold $15 millions of 2½ per cent 5-year noncallable bonds to a syndicate headed by the Bank of Montreal at a price of 99.561 The cost basis to the Hydro is 2.59 per cent. Only two bids were received, as follows:

	Bids
Bank of Montreal, Bank of Nova Scotia, Dominion Bank, Bank of Toronto, Imperial Bank, McLeod, Young, Weir & Co., Bell, Gouinlock & Co., Mills, Spence & Co., McTaggart, Hannaford, Birks & Gordon, Midland Securities Corp., Harrison & Co., Fry & Co.	99.561
Royal Bank, Can. Bank of Commerce, A. E. Ames & Co., Dom. Securities Corp., Wood, Gundy & Co.	98.777

Prudential of England Continues 1935 Dividends

Participating dividends of the Prudential Assurance Co. of London will be continued on the same basis for 1936 as in 1935, the company reports.

During 1936, the sum assured under each whole life fully participating policy will be increased by $23 per $1,000 sum assured, and under each endowment policy by $20 per $1,000 of insurance.

Policyholders who elect to take dividends in cash will receive the same values as during 1935.

Maritime Life Pays First Share Dividend

First dividend to be paid shareholders of Maritime Life Assurance Co. is announced in the company's annual report. The dividend amounts to 3 per cent on paid-up capital.

Established 12 years ago, the decision was made to pay the dividend when reserves totalled $115,000. The annual report states that "this total is arrived at by writing down all securities of either market, book or par value, and is considered adequate to cover any eventuality."

Joins H. R. Bain Staff

GEO. H. O'NEIL

Former vice-president and general manager of United Hotels Co., who has become associated with H. R. Bain & Co. Ltd. as special representative.

CATHOLIC SCHOOL BONDS TAKEN UP

Montreal Commission Markets Issue Through Banking Syndicate

From Our Own Correspondent

MONTREAL. — Banque Canadienne Nationale and Bank of Montreal head a syndicate offering $5.3 millions of Montreal Catholic School Commission bonds. The issue was over-subscribed.

These bonds are a direct and primary obligation of the School Commission. They will be countersigned by the director of finance of the City of Montreal, who is bound by an act of the Quebec legislature to retain every year from the proceeds of the school taxes in the city of Montreal, a sufficient sum of money to take care of the interest charges and the sinking fund on all bonds issued by the Catholic School Commission.

The present bonds were offered in three lots. The first lot carrying a coupon of 3½ per cent, amounting to $1.8 millions and maturing in 1942, was sold before the public offering. The 1946 maturity, amounting to $1.5 millions and carrying a coupon of 4 per cent, was offered at 100½ and accrued interest to yield approximately 3.93 per cent. The balance, maturing in 1948, was offered at 100¼ and accrued interest to yield approximately 3.97 per cent.

Donnacona Paper Co. Adds Coca-Cola Business

From Our Own Correspondent

MONTREAL. — Donnacona Paper Co. has received a contract from the Coca-Cola Co. for insulating board, but the company has not converted one of its newsprint machines to the manufacture of board, according to an official statement made by Robert P. Kernan, president of the company.

Donnacona has been manufacturing insulating board for the past five years, the sale of which in Canada is carried out through its agents, Alexander Murray and Co., Montreal, and the latter, in the ordinary course of business, made the sale of the company's regular insulating board to the Coca-Cola Co.

Wabasso Cotton Co. Opens Plant to Strikers

From Our Own Correspondent

MONTREAL. — Wabasso Cotton Company has reopened its Three Rivers plant in the expectation that striking workers will return to work unconditionally. The men have been out on strike for a week, demanding recognition of the union.

The only promise made by the company to the men to date was that it would not exercise disciplinary action against certain employees alleged to have precipitated the strike. Officials stated they believed only part of the men are members of the United Textile Workers of America and that group has attempted to speak for all the men in demanding recognition of the union.

Swordfish Catch

The swordfish catch in Nova Scotia waters, during 1935, totalled 2,220,000 pounds, the best on record, according to the Dominion Fishery Department.

Bond Redemptions

Bond Issues:	Rate	Year	Date	Price
Mt. Royal Tunnel	5%	1970	Apr. 15	100
United Amuse...	6%	1942	Mar. 1	103
Mtl. Pr. Cons. A.	5%	1951	Apr. 1	104
Paton Mfg.	6%	1953	May 1	103
W. Koot. Pr. ...	5%	1956	Mar. 1	104
Wabasso Cotton.	6%	1947	May 1	110
St. Maur. Vall. Cot.	6%	1952	May 1	105
Shaw. Cotton ..	6%	1949	May 1	105
Wabasso Cotton.	7%	1942	May 1	110
Orpheum Thea. (Van.)	6½%	Ser.	Mar. 1	*102½
Ritchie & Ramsay	7%	1944	Apr. 1	105
St. Mary's Cement	‡6%	1942	May 1	103

*Payable in U. S. funds.
‡$31,500 for sinking fund purposes.

Stock Issues:	Rate	Stock	Date	Price
G. Tamblyn† ..	7%	Pref.	Apr. 1	110
Cosmos. Imp. ..	7%	Pref.	Apr. 1	105

†$150,000 drawn by lot for sinking fund purposes.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

	Date Sold	Sold to	Rate	Due	Amount	Price	Yield
Municipal—							
Dominion, N.S.	Feb...	W. L. McKinnon & Co.	5%	20 yr.	$25,000	.....	.....
Provincial—							
Hydro-Electric Power Commission of Ontario	Feb...	Bk. of Montreal and Syndicate	2½%	1941	$15,000,000	99.561	2.58%

OFFERINGS OF CORPORATIONS AND FOREIGN SECURITIES

	Date Issued	Offered by	Rate	Due	Amount	Price	Yield
Bond Issues—							
Parish of Notre Dame du Chemin, Que.	Feb...	Lucien Cote	4%	1936-48	$400,000	*100	4%
Three Rivers Grain & Elevator	Feb...	W. C. Pitfield & Co., and Norris Grain Co.	5½%	1951	400,000	*98½	5.65%
Stock Issues—							
Lancour Mines, Ltd.	Feb...	B. Gordon Bryan Co.	....	....	100,000 shs.	35c	.....
Big Master Consolidated Gold Mines	Feb...	A. E. Dawson & Co.	....	....	450,000 shs.	22c	.....
Porless Patricia Gold Mines	Feb...	Richmond Development Co.	....	....	100,000 shs.	55c	.....
Cosmos Imperial Mills	Feb...	A. E. Ames & Co.	5%	1st pfd.	500,000 shs.	*100.00	5%
			n.p.	com.	30,000 shs.	*17.00	.....
Empire Starch Products	Feb...	Century Bond & Management Co. (Plus 3 shares bonus of ordinary stock)	6%	pref.	100,000 shs.	*10.00	.....

* Offering price.

DONNACONA PAPER MAY OFFER STOCK TO COVER ARREARS

Strength in Bonds Attributed to Leakage of News on Plan

From Our Own Correspondent

MONTREAL. — Advance in the value of Donnacona first mortgage bonds is attributed here to a leakage of information respecting the plans of the directors to liquidate arrears of interest on the first mortgage bonds through an offering of stock.

Interest on the first mortgage 5½ per cent bonds has accrued since August 1, 1934, together with interest thereon at the rate of 5½ per cent per annum.

Payment of these arrears in cash would weaken working capital, and it is understood that a plan has been formulated to issue additional Class "A" shares on the basis of 20 shares for each $1,000 par value bonds in lieu of interest arrears.

No Official Details

At the moment there is no official confirmation of this plan nor as to what the company intends to do in regard to payment of bond interest due this fall, when the interest charge becomes a fixed case obligation. The financial statement for 1935 will make its appearance shortly and it is likely that reference will be made as to the intention of the directors to pay the bond interest in cash this fall. It may be, too, in view of the leakage of news regarding the plan for arrears, that the report will contain some reference to this proposal.

EMPIRE STARCH SELLS PREFERENCE SHARES

Century Bond & Management Co. Handles Financing For New Venture

An offering of $100,000 of six per cent preference stock of Empire Starch Products Ltd., carrying a bonus of three ordinary shares with each preference share, is being made by Century Bond & Management Co. Ltd., Toronto.

Formed to take advantage of the expanding market for tapioca starch, and more especially to supply the British and Canadian markets, the company has been granted large concessions in British Honduras where it plans to engage in the cultivation of cassava roots to manufacture tapioca starch. A virtual monopoly of the tapioca industry in the colony and freehold title to 600 acres of land are among the concessions made by the government of British Honduras.

Provision is made to deposit with the Imperial Bank proceeds from the sale of preference shares to the extent of $9 per share, which money will be returned to the subscriber if $75,000 is not subscribed by August 15, 1936.

Empire Starch Products Ltd.

Issue—$100,000 of six per cent cumulative preference shares, par $10.

Company—Incorporated in British Honduras.

Business—Formed to engage in cultivation of cassava roots and manufacture of tapioca starch and its by-products in British Honduras for export.

Assets—No balance sheet available. Holds freehold title to an area of 600 acres and has an option on an adjoining 3,400 acres.

Purpose of Issue—To provide funds for the erection of a plant and to provide working capital.

Capitalization—	Authorized $	To be Outstand. $
6% pref., par $10 ..	150,000	150,000
Ordinary shs.	300,000	240,000

Preference provisions—Dividends accrue at 6 per cent per annum from commencement of production. Redeemable at $11. Entitled to 10 votes a share when dividends in arrears 12 per cent.

Directors—Lieut.-Col. W. H. Murray, J. Jackson Crawford, Montreal; Lieut.-Colonel W. T. Rogers, G. L. Patterson, W. E. Patterson, Toronto.

Offer—At $10 a share by Century Bond & Management Co. Ltd., Toronto, with a bonus of three shares of ordinary stock.

Simon and Sons Head Forecasts Dividend

From Our Own Correspondent

MONTREAL.—With business continuing to improve, there is a possibility of dividends on the common stock this year, according to a statement made by Arthur Simon, president, at the annual meeting of shareholders of H. Simon & Sons Ltd.

It will be recalled that preferred dividend arrears were practically eliminated with the recent payment of $7 a share. In February, 1935, $10.50 a share was paid, and $5.25 a share on March 1, 1935.

No dividends have been paid on the common stock since the quarterly disbursement of 62½ cents on December 1, 1931.

Gordon & Belyea Cuts Arrears to 6¼ Per Cent

Gordon and Belyea Ltd., Vancouver hardware and supply firm, paid nine per cent on the first preferred stock in the year ended Nov. 30, 1935. The current rate is six per cent, and three per cent was paid on arrears. Arrears were reduced to 6¼ per cent as at Jan. 1, 1936.

Substantial reduction in the outstanding first preference shares is reported through purchases for redemption by the sinking fund trustee. Funds became available to the sinking fund from part of proceeds of insurance carried on the life of the late L. Laird Gordon.

STEEL STRUCTURES
RAILWAY AND HIGHWAY BRIDGES
PLATE AND TANK WORK
ELECTRIC AND HAND POWER CRANES
HYDRAULIC REGULATING GATES AND OPERATING MACHINERY
Caissons, Barges, Coal and Ore Bridges, Liftlocks, Turntables, Gear Cutting, General Machine Work, Forgings.
DOMINION BRIDGE COMPANY LIMITED
HEAD OFFICE — LACHINE (MONTREAL) QUE.
BRANCH OFFICES AND WORKS:
MONTREAL OTTAWA WINNIPEG VANCOUVER
AMHERST TORONTO CALGARY
AGENCIES: EDMONTON REGINA

Selling Hightower Units In High-grade Sandwich

Bonded Corp. draws to the attention of its clients a list of six high-grade preferred stocks, and a seventh preferred appears fourth in the list. This seventh stock consists of units of 2 preferred and one common share of Hightower Oil & Refining Co. (Canada) offered at 21. At present rates of distribution that gives a yield of about 8½ per cent.

It appears in a list containing such stocks as the following:

Preferred stocks:		Price	Approx. Yield
Canadian Oil Cos. ..	8%	125	6.40
Can. Canners, A	6	91	6.59
*Cosmos Imperial ...	7	107	6.54
Hightower	6	21x	8.50
McColl-Frontenac ...	6	101	5.94
Supertest Pete.	7	112	6.25
Toronto Elevators ...	7	116	6.67

*To be redeemed at 105 April 1.

All but Hightower preferred and common have the advantage of wide marketability, a long record of financial strength and full publicity regarding financial affairs. The Financial Post has not received a financial statement of Hightower Oil & Refining. A financial statement was expected by the end of January, but so far has not been received by The Financial Post.

Operations of all the other companies mentioned are in Canada. Hightower's operations are in Texas.

B. C. DRAFTING SWEEPING PLAN OF HEALTH COVER

Proposed Scheme Makes Big Demands — Introduction Not Definite

From Our Own Correspondent

VANCOUVER.—The British Columbia government, which has pioneered the way for many Canadian provinces in social legislation, seems determined to go ahead with its health insurance scheme, and it is practically certain that a bill will be presented during the coming session of the house.

Although the plan as originally drafted has been modified considerably, the measure is still one of the most drastic pieces of legislation of its kind to be introduced in a Canadian law-making assembly.

The government plans to meet only the administrative costs of the health insurance system. The actual cost of the service would be borne by those within the income category of those whom it is designed to benefit.

Two Per Cent Tax

It is proposed to levy a tax of two per cent on salaries and wages between $1,000 and $1,800 a year.

While the employee would pay two per cent of his income toward cost of the scheme, the employer would pay one per cent on the amount of his payroll, except on wages above $1,800 a year and below $1,000. Persons earning over $1,800 a year would not come within the scope of the law at all.

Those earning less than $1,000 would not be taxed upon on a percentage basis, but would be required to pay a fixed sum.

This provision is because persons with a small income cannot pay as high a percentage of them as those earning a larger income, and persons who earn $1,800 are considered able to meet their hospital and medical bills privately.

In return for the payment of the two per cent tax and the employers' contribution, working people would be given extensive health service.

Choose Own Doctor

Each person under the scheme would be entitled to choose his own doctor, but his fees would be paid by the government according to a fixed rate yet to be determined.

Hospitalization, laboratory work and diagnosis would be provided under the system, and maternity benefits may be included, although this is still uncertain.

Indigents will not be brought under this scheme, which is designed primarily for wage and small salary earners.

Canadians Promoted By Aetna of Hartford

M. I. Doxsee who has been appointed assistant actuary of the Aetna Life Insurance Co. at Hartford, is a Torontonian and a graduate of the University of Toronto. He has been employed in the actuarial division of this company since June, 1924, and for the last three years has served as secretary of the Actuarial Club of Hartford. He is a fellow of the Actuarial Society of America, is married and has four children.

Another Canadian also elevated last week by the Aetna is Dr. James Irving, who has been appointed assistant medical director. Born in Ontario, he graduated from University College at Toronto, and in 1932 from the Medical Faculty, U. of T. After an interneship at the Toronto General Hospital, he practised medicine and surgery at the Edinburgh Royal Infirmary, and in 1934 was made a fellow of the Royal College of Surgeons at Edinburgh.

In 1935, he was appointed House Surgeon at the London and Warwickshire Hospital in England, after which he engaged in general practice in Burlington, until his appointment as Resident Doctor of the reconstruction unit of the New York Post Graduate Hospital, which post he left to affiliate with Aetna Life.

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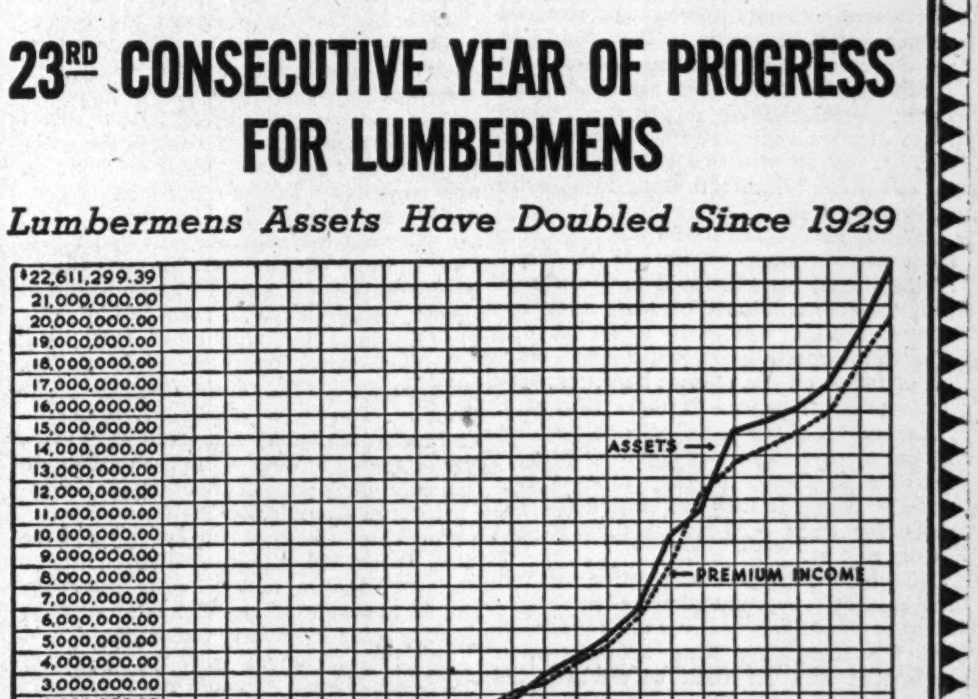

JANUARY 1, 1936 REPORT
Premium Income Increased from $18,307,575.46 in 1934 to:
$20,343,475.15
Assets Increased from $19,545,750.11 in 1934 to:
$22,611,299.39
Net Cash Surplus Increased from $2,534,504.10 in 1934 to:
$3,082,433.03
Reserve for Contingencies Increased from $750,000.00 to:
$1,000,000.00
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$2,950,721.63
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TORONTO, FEBRUARY 29, 1936

Not a Wheat Melon

THE vexed question of final payment for the 1930 wheat delivered to the various grain pools is to be settled. The Dominion Government will introduce legislation this session to authorize payment of approximately $6 millions to those pool shippers who received less than 60 cents per bushel in 1930. In that year of tumbling values initial payments fluctuated down to 50 cents per bushel on the basis of No. 1 Northern at Fort William.

The proposed disbursement is purely and simply an equalization payment and an outright bonus from the Dominion treasury. In no sense will it come out of any profit to the wheat pools or later the government wheat board in the final disposal of the 1930 crop. Even the improved wheat prices since 1930 would not allow and profit over the lowest initial payment when selling and storage costs had been added. At the parliamentary investigation last spring it was admitted that a selling price of $1.05 per bushel would be needed to permit the government to break even and of course prices have never approached within 10 cents of that point for any length of time.

Through the wheat board the taxpayers of this country suffered a loss on 1930 wheat bought at 50 cents and of course they suffered a still greater loss on that purchased for 60 cents. Strictly speaking an assessment on those growers who received higher initial payments in 1930 would be more correct than a payment to those who received 50 or 55. This assessment not being feasible having regard for western farm distress apparently the government decided that all wheat pool shippers should benefit alike, hence the move to equalize growers' prices.

Wheat pool farmers who did not get a 60 cents advance asked for "justice." Strictly legal justice would have dictated that they refund part of what they received. But this was hardly a case for such a harsh interpretation of justice. As a matter of fact even the present hand-out does not represent justice. Farmers who were not members of the pools took their chance in the market. There is apparently to be no dole to them. Already other farmers are asking if they too should not get more for their 1930 wheat than it was finally sold at.

Just before the general election last fall the Bennett government proposed a payment of $8 millions to cover this settlement but the succeeding King administration stipulated that an audit of all accounts would first be made. This audit, it is understood, revealed that certain other wheat pool losses, notably the cost of a huge propaganda machine, were also included and when omitted, total settlement for an equalization fund would amount to approximately $6 millions.

The Public and Bucketing

THE manner in which chain brokerage firms operated by "bucketing" clients' orders has been revealed in the recent judgment against I. W. C. Solloway. The revelations in the judgment have been published in The Financial Post. Many of The Post's readers will recall, however, that this newspaper in 1929 and 1930 uncovered the "bucketing" racket in mining stocks. One of the most interesting phases of the judgment's disclosures is the complete confirmation of The Financial Post's statements which led to the clean-up of the old Standard Stock & Mining Exchange and of "bucketing" rackets in mining and oil shares from coast to coast.

Speculating Canadians probably fail to recognize to what an important extent they themselves were responsible for the conditions that made operation of chains of "bucket shops" possible, yes, even popular, in 1927 to 1929. Speculators wanted to gamble in as large quantities of mining shares as possible. Hence they welcomed the opportunity to "buy" on margin stocks upon which banks would not make loans. Speculators did not ask how the "bucket shops" obtained loans on such mining shares. They went further and criticized legitimate stock brokers who refused to do a similar type of business.

In order to carry stocks on margin, the legitimate broker must be able to obtain credit on the stock as security to make up the full amount of cash involved in the purchase. The "bucket shop" did not need to do any such thing. It did not buy, but simply pocketed the speculator's margin, and wagered against him by selling against his "purchases." The legitimate broker could not carry such margin accounts simply because he was honest enough to really buy the shares ordered by his client and no bank in the country would have made the loans the public wanted on its stocks at that time.

Hell Hole of Abuse

VITUPERATION has been the order of debate in the Ontario legislature since the present session started. Across the floor have been flung such allegations of inefficiency and crookedness in government as have seldom been heard in any British legislature. The legislature is said to have a speaker and possibly the speaker owns copies of different books on procedure but parliamentary traditions are apparently not permitted to put a stop to the personal squabbling that is going on.

One word of wisdom seems to have been spoken since the session opened. Hon T. B. McQuesten made bold one day to suggest that the members stop their personal bickering and get down to business. It was a good suggestion but was not taken.

Politicians are supposed to be experts in reading the public mind. They are too busy with their private quarrels to note that the impression most people have got out of the fighting is that the old Conservative government in Ontario was an inefficient and corrupt government and that the present Liberal government numbers few political angels. Which makes it a sorry outlook for the taxpayer.

Alberta's Debt Scheme

ALBERTA government officials have prepared a tentative budget to reduce interest charges on the province's gross debt by $3,297,519 annually. However, the tentative budget contemplates a deficit on all accounts of $4,471,268. The interest saving would result from reduction of the rate paid on Alberta bonds to 2¾ per cent.

The chief victim of the proposed scheme is the holder of Alberta bonds. Yet no adequate provision is made in the tentative budget to see that the deficit is eliminated by contributing sacrifices of other classes.

In fact, the whole scheme appears to be a request for bondholders to make it easier for Alberta to absorb its deficits in increased debt.

Continuation of deficits would add to future debt and to interest charges, swallowing up the savings in interest on the present debt.

It is hard to see how such a scheme helps Alberta in the long run unless the budget is really balanced by reducing expenditures and increasing revenue in other directions.

Moreover, the scheme looks merely like another red herring drawn across the trail of Mr. Dunning's business-like loan council plan.

World Recovery is Needed

THE whole of a recent day was spent by the House of Commons discussing ways and means of meeting the problem of unemployment. The redoubtable "Tommy" Church of Toronto provided the opportunity in an omnibus resolution urging upon the government a dozen or so new activities which can loosely be grouped together under the heading of Reconstruction. The members seized the opportunity to give their own individual opinions on how prosperity can be more quickly produced. It was anything but a wasted day, for a few sensible speeches provided a contrast to those of the "something-ought-to-be-done-about-it" school of members and the others who have an earnest and abiding faith in rabbits pulled out of silk hats.

No less novel than the proposals for prosperity were the causes assigned to our troubles. The Conservative party, the Liberal party, the bankers, the manufacturers, the economic system — almost everything and everybody got a share of the blame except the major culprit—the Great War.

The chief cause of our troubles is the War. It cost $80 billions of gold during the period of fighting and the costs have continued to mount since. War is always the great creator of poverty and distress.

Had the war ended with the signing of the Peace Treaty it would not have been too bad. But the armistice that stopped the military fighting started the economic fighting. Extreme nationalism has so restricted the exchange of goods that everyone is poorer and our marvellous machine of production and distribution is unable to work at full time for the production of wealth for everyone.

Most of the economic medicines proposed today are remedies for the symptoms of our troubles. Included are such quack devices as Social Credit, pensions for the aged, doles, public works, excessive tariffs, etc.

Canada can help itself along to prosperity but it cannot completely recover without a larger measure of world recovery. Let us not delude ourselves into thinking that we can.

Paying for Political Freedom

FROM Magna Charta down through seven hundred years of increasing political freedom, British peoples have been imbued with the idea of their right to govern themselves as they see fit. It is sometimes forgotten, however, that under the British democratic system there are certain restraints on political freedom that are essential to protect sectional interests.

Recently the Ontario Association of Rural Municipalities passed a resolution in favor of amendment of the Municipal Act to disenfranchise persons in receipt of public relief. This proposal is a proper restraint of political freedom. It conforms with practice in Great Britain.

The same association, however, passed another resolution favoring legislation to permit municipalities to refund outstanding debentures, whether callable or not, at reduced interest rates. This is a proposal to coerce creditors into compromising their claims.

It is recognized in British municipal administration that any municipality that defaults or attempts to evade cannot retain the full right of self-government.

In proposing restrictions, based on financial incapacity, on the right to vote, the municipal men are within traditional retraints accepted as part of British democracy.

In proposing arbitrary reduction in claims of creditors on municipalities, the association has apparently forgotten that this means loss of self-government under democratic principles as practised in Great Britain.

In order to enjoy the fullest political freedom under the system of British constitutional government, individuals and municipalities must pay their way.

When Governments Spend

RECENTLY Premier Patterson of Saskatchewan submitted a defence of governments. He argued before a meeting of the Saskatoon Board of Trade that nowhere do citizens receive better value for their money than from the funds they turn in to governments. The Financial Post would be willing to debate the other side of that question. But it would not argue that all our tax money is wasted; in fact, the slow pressure of public opinion has forced upon most governments economies that have reduced the actual cost of administration to a fairly reasonable figure.

To offset examples of overstaffing, of inefficient expenditure of routine appropriations, there could be cited many other examples of departments that are understaffed, where every dollar is made to do the work of two, where conscientious servants of the public are working and thinking overtime for pitiably small salaries.

Where, then, lies the colossal waste in public expenditure? Chiefly, it is in the sideshows—the public utilities, the election bribery, public works, the experimental undertakings forced on governments by pressure groups.

Month after month deputy ministers toiled at Ottawa to cut a few millions off the administrative expenditures, yet a major waste like that of the railways was virtually untouched.

In Ontario, Mr. Hepburn fired civil servants right and left to balance his budget, but blundered in more important directions.

In Alberta, Mr. Aberhart is credited with doing a remarkable job of cost-cutting, and why? Apparently to put the province in a position to finance a plunge into the monetary unknown.

Saskatchewan's extravagances are largely in the past. Premier Gardiner and now Premier Patterson have won respect by careful administration. But all that they have accomplished, all they have saved, can be undone in a year by some future administration that will embark too hastily on a large-scale venture into some form of State Socialism or paternalism.

Editorial Notes

The staff expert in mixed metaphors is very envious of the M. P. who spoke the other day in the House of Commons of a problem "dug up from the clear sky." Good as it is, it still takes second place to the most famous of metaphors mixed in the Canadian Parliament when a very distinguished member welcomed back one of the leaders with the comment that he was "glad to see the old war horse back in the saddle again."

Post-Scripts

Soul of Big Business

SOMEONE once made the remark that a corporation has no soul, and critics of Big Business have never missed an opportunity to repeat the statement. Undoubtedly there are corporations in which the human factor is negligible, but now and again one comes across evidence that Big Business is not such a heartless affair.

The oil refiners and distributors depend for their livelihood on the motor vehicle and one would naturally assume that they have little sympathy for the horse.

The other day at an Imperial Oil filling station on the outskirts of Montreal it was with pleased surprise that motorists noted a small sign on the corner of the building with the following inscription: "Horses Watered Here."

What could be a better refutation of the remark that a corporation has no "soul!"

* * *

Hint For Plumbers

AMONG all artisans, none are more notorious than plumbers for their supposedly high wage rates and for the alleged manner in which they find ways and means to prolong individual jobs. The jokesmiths, in spreading this idea, have probably been unfair to the plumbers.

Undoubtedly, much of the abuse heaped on the profession by the ordinary householder is ill-deserved, and when these artisans add up their wage receipts at the end of a week or month, the average plumber (particularly in recent years) has probably adequate cause to feel the cost of his services has not been exorbitant.

The Financial Post is neither a trade paper for plumbers and steamfitters, nor for housewives. Nevertheless, it suggests, as a very simple aid to the problem of the plumber and other similar artisans, that when a plumber does a small job for a householder involving a few minutes' time (for which his minimum charge is always one hour's wage), he spend an additional small portion of the hour (which rightfully belongs to the householder) in giving a little extra service round the home, checking up leaking faucets, plugged drains, and perhaps even in making a rough inventory of things around the home that badly need modernization, and which might develop into subsequent business for the plumber himself and a considerable amount of goodwill toward himself and the profession generally.

Sayings of the Week

"Leadership and Democracy are not incompatible."—*Henry Adams Bellow.*

* * *

"The great need of our age is spiritual, not intellectual."—*James W. D. Smith.*

* * *

"In Germany we are handicapped by philosophical excitement."—*Veit Valentin.*

* * *

"We need and can make use of not one élite but many élites."—*Sir Michael Sadler.*

* * *

"There is no mystery about the New York Stock Exchange."—*Charles R. Gay, president.*

* * *

"Roosevelt will prove a very difficult man to beat."—*Francis W. Hirst, British financial editor.*

* * *

"We cannot blueprint the future beyond building a few additions to the structure of the present."—*Prof. James T. Shotwell.*

In the Mail

Who Owns The C. N. R.?

Editor, The Financial Post:

If you think it would interest some of the readers of your paper, I wish you would publish how much stock is held by Canadians in The Canadian National Railways. Many Canadians think this railway is owned in Canada. This I believe is not true.

S. T. MALKINS.

Orrville, Ont.

Editor's Note: All of the capital stock of the Canadian National Railways is now owned by the government of Canada. Bonds to a total of $1.2 billions are more widely distributed and are by no means all held in Canada.

St. Lawrence Power

Editor, The Financial Post:

The address by Frank P. Walsh, chairman of the N.Y. State Power Authority, heard over the radio, gave a very strong impression that pressure may be brought to bear upon the Canadian government to pass favorable legislation on St. Lawrence Power in the near future.

It would seem that Canada has already, in that section, more electrical energy available than the market requires.

As an investor in some of these companies, it would seem to me ill-advised economically, for the Dominion government at this time to undertake a development involving such huge sums of the taxpayers' money (large amounts of which are contributed by these same companies) or increasing the national debt—already over-burdened by the uneconomic C.N.R. but to postpone such legislation until budgets are more nearly balanced, C.N.R. deficits substantially reduced and the power is needed.

No doubt hundreds of investors would feel likewise.

WOMAN INVESTOR

New York.

Suggests a Tax Strike

Editor, The Financial Post,—

The new budgets for 1936 will be brought down shortly, and all taxpayers should know by this time that every budget means bad news for them. So a thought struck me, which would do a lot of good. I would suggest that every income taxpayer in the Dominion go on strike; refuse to send in any returns, or any payment, until the governments gave good proof that they were doing all they could to cut down their own expenses. If every income taxpayer would force the governments to sue them for tax, we believe more than anything else it would focus the attention of the people of this country on the fact that they are among the very highest taxed people in the civilized world. Especially is this true of Manitoba, where in addition to the Dominion and Manitoba Income Tax, every married man making over $80 a month has to pay an extra 2 per cent tax on his total earnings with no exemptions. This is in reality three income taxes. If nothing is done soon, all the other provinces will have similar taxes.

Relief has been used as the excuse for all the unbalanced budgets, but everyone knows that our governments are not even paying for this, but are borrowing to pay for it and making our position worse each year.

MERCHANT.

Swan River, Man.

Coal Combine Conviction

Editor, The Financial Post,—

The foot-note appended to your correspondent's letter which appeared in a late issue under the headline, "Welsh Coal Enquiry," asserted that Judge Laliberte's judgment showed that there would have been keener competition in Canada except for certain clauses in the agreement between the British Collieries, and the Montreal firms. It is further asserted in the foot-note that the Labour Gazette of January, 1934, made no reference to unreasonable price spreads between Montreal, and Canada, and other cities.

In answer to the foregoing it is pertinent to quote from an article which appeared in the press prior to the convictions: "Ottawa people will particularly be interested in the prosecution because it was the price of Welsh coal in the capital that was the starting point of events," and to quote further, "The condition which makes consumers resentful is that British coal should cost $16.75 a ton, whereas the best Welsh cost wholesalers $7.35 a ton."

MALCOLM CAMERON.

Ottawa.

As Others See Us

Is It Worth It?

St. Catharines Standard

For every dollar earned in Canada in 1933, over 30 cents went for taxes and in 1935 27.6 cents, according to a chart published by The Financial Post. There is only one consolation about it, the average Canadian wouldn't contribute that much taxation to live in any other country.

Food for Reflection

Stratford Beacon-Herald

This is not the first time that The Montreal Star has assumed the rôle of a prophet of national disaster. Some years ago that paper declared that "The Whisper of Death" was abroad in our fair land. That prophecy was followed by a great shout of life and prosperity, which, of course, died suddenly down in 1929.

But that revival may have been the last kick before the patient yielded to the inevitable. This is not borne out, however, by the recent revival, and we are told by the prophets of finance that we are well on the road to a normal condition. And yet even The Financial Post has its doubts and fears. The editor of that paper says that while the "Whisper of Death" may have been somewhat exaggerated at the time, it was not so far out as some people thought. As for the present forebodings of the Star, The Post believes they are by no means exaggerated.

Whatever may be said about the hysterical manner in which The Montreal Star is calling attention to the financial situation in Canada, there is some food for serious reflection in the fact that the federal debt has risen to the enormous sum of three billion dollars. In addition there is the direct debt of the Canadian National Railways, which amounts to over a billion. Moreover government deficits are increasing year by year.

Other People's Views

American Magazines in Canada

Canadian Correspondence in The Spectator, London

To come back to the increased flow of American journals into Canada—this must tend to spread the North American as against the Empire point of view. Can this tendency be successfully countered? Will the publishers of British papers and periodicals think it worth while to secure quicker postal delivery to Canada, to increase their Canadian circulation, to try to present the wider view of the British world in the Canadian field? Until something of this kind is done, or until we develop our own really independent journals, Canadian public opinion, especially in foreign affairs, will inevitably be colored by the Americanization that has been outlined in these notes.

He Should Have Known

Calgary Herald

It is claimed by Premier Aberhart that he had no previous knowledge of the depleted state of the provincial treasury and that when he was chosen premier he was astounded to discover that the financial cupboard was bare. The inference of recent statements in that connection is that until the financial position of the province is straightened up Social Credit cannot be put into effect.

Anyone who has followed the reports of the province's finances which have been printed regularly in the newspapers year by year, and which appear in the Public Accounts, should have a fair knowledge of the finances of the province. Surely a principal of one of the leading high schools must have made some study of the province's position before he decided to lead a party to capture control of provincial administration.

One Happy Family

New York Times

By far the brightest suggestion for world peace was made recently in a letter to The London Times. The writer is an Oxford don and an authority on Roman history, and like all strokes of genius his peace proposal is the acme of simplicity. He wants everybody to join the British Empire. He writes:

"Is it too much to hope that some day the British Empire may be able to extend its limits so as to include all States which are genuinely inspired by the ideals of peace and international co-operation? Such a commonwealth of nations would possess in the British monarchy a bond of union which it would take centuries for any League of Nations to create."

The only comment which fell under our London correspondent's eye was in The New Statesman. This Liberal organ reported that foreign applications for membership in the British Empire are already pouring in. Among the eager candidates for admission are Japan, Hitler and most of the Balkans.

Neutrality Tug-of-War

United States News

Two desires, pulling contrariwise, leave the programme for keeping America out of war just as it was.

First is the popular resolve that warfare should be kept at a distance. Its expression is a House bill, already reported, and a Senate bill, still locked in committee, which aim to sever the threads of private interest considered apt to lead America into armed conflicts abroad.

The second desire, operating silently, is the hope of profit, which sees vast possible loss should trade in war materials with belligerents be cut off.

Says John Bassett Moore, former justice of the World Court:

"Such limitation is a blend of homicidal and suicidal mania": homicidal in cutting off necessities from warring nations, suicidal in harming American interests and bringing America into war just the same.

In anticipation of delay, a bill enters the House to extend the present neutrality law for one year, with one addition. The addition: Prohibit the extension of credit to belligerents.

Insuring a Nation

Wall Street Journal

Upon the social zealot the argument that confiscatory taxation of the rich will crush industry makes no impression. The notion that somehow we can legislate universal social security has the lure of verisimilitude. If the individual can take out life insurance, why cannot the nation do the same? The answer, of course, is that the individual can benefit from his life insurance only so long as other people are paying in premiums or so long as other people are willing to buy the assets that life insurance companies might have to sell to pay their policies.

Social security, as it is being talked by wishful thinkers, is a tragic delusion based upon a fundamental fallacy. The nation cannot insure itself against itself. No more can 95 per cent of the people insure themselves against the wealthier 5 per cent because the wealthier haven't enough wealth to be able to make good the benefits for the 95 per cent under any conditions, least of all in time of great national stress.

Stop Me If You've Heard This One

Dad had been ill for several weeks, but was still keenly interested in the way the farm work was being carried on.

"Dave," he said, "how are the cows goin'?"

"Not too bad," Dave vouchsafed. "Gettin' about ten gallons a day."

"Ain't so bad," Dad agreed. "How much skim milk are we sellin'?"

"Nine gallons a day, Dad."

"How much cream?"

"Three gallons an' a bit, Dad."

The man in the bed did a bit of complicated mental addition. Then his smile vanished. "Wot th' 'ell are you doin' with the rest?" he demanded.

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Reserve Fund	6,150,000
Reserve Liability of Proprietors	8,780,000
	£23,710,000
Aggregate Assets 30th Sept., 1935	£115,559,000

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Agents: Bank of Montreal; Royal Bank of Canada; Imperial Bank of Canada; Canadian Bank of Commerce.

GRIT
Pencil Enemy No. 1

Entirely eliminated in super-smooth Venus "Colloidal" Lead

HOW it grates your nerves—a pencil with scratchy, gritty lead! But even in highest-priced pencils, it was impossible to eliminate ALL grit—until Venus perfected its exclusive "colloidal" process. Then, what a difference! A lead of silky smoothness, that delighted hardened pencil users. Sounds pretty enthusiastic, we'll admit, but facts bear us out—*Venus is today the largest-selling QUALITY pencil in the world.*

Why Venus "Colloidal" is the perfect lead

By the "colloidal" process Venus refines clay and graphite until finer than smoothest face powder—so fine they pass through filter paper. This amazing fact explains why Venus lead is so smooth and even in texture—why it is so extra strong. The minute particles also permit better mixing, ensuring constant uniformity in the 17 Venus degrees.

For School and Business—VENUS-VELVET

Business executives and professional men prefer the 10c Venus. But for an economy pencil, with the outstanding features of a "colloidal-type" lead, Venus-Velvet is tremendously popular in schools and offices. 5c — 6 commercial degrees for every office purpose.

Venus Pencil Company Limited, Toronto, Ontario

super smooth
VENUS
MADE IN CANADA

Week in Business

Best Trade Month With U.S. Since 1931

* * * *

Wide List of Items Reflect Trade Pact

* * * *

Britain Urges New Trade Relationships

Publication this week of detailed figures of January trade between Canada and United States has focused attention on what is for many trades and industries the most important single factor in the 1936 business picture. Our total exports to the U. S. in January increased 14 per cent over the same month a year ago while our imports increased a like amount, giving us the largest trade volume for that month since 1931.

* * * *

On the export side, early gains of importance appear in liquor shipments (up 100 per cent from January, 1935); plank and board shipments up 39 per cent; and a 60 per cent rise in animal and animal product items. Among imports the United States increased its shipments of fruits by 40 per cent while the wiping out of the duty on magazines is reflected in a 16 per cent gain in Canadian imports of books and printed matter. Paper imports were also higher by 20 per cent.

The most important individual group to show results of the treaty is importations of iron and steel which increased 27 per cent due to a doubling in imports of automobiles; an 85 per cent increase in farm implement shipments, and a 70 per cent increase in machinery imports. Other lines to show changes which may be attributed to the treaty are hardware and cutlery imports up 12 per cent; electrical apparatus up 10 per cent. Furniture imports almost doubled in January but the 1936 figure ($34,000) is not sufficiently large as yet to reflect the important buying which usually comes in February and March.

* * * *

Apart from specific figures such as these, a significant result of the pact which may have an important bearing on Canadian business during 1936 is the fact that representations have already been made by Great Britain urging that Canada take steps prior to the renewal of the Ottawa Conference agreement in 1937, to restore to Britain the margin of preference she lost by reason of the U. S. agreement.

If Canada decides to accede to this request it would mean another important change in foreign trade relationships in the near future. Another country anxious to reorient her trade position with Canada is Australia and it would not be surprising if steps were taken in this direction by Canada within a very short time. A delegation from the Australian government is expected at Ottawa in the spring.

Business Indicators

Changes of the Week

Favorable:

Iron and Steel Production—Steel production in January topped even December figures and gained 68 per cent over the same month last year. Production was the best for any month since April, 1930. Pig iron output was 38 per cent above a year ago though below December figures.

Automobile Sales and Output—Increased export sales plus continued domestic demand following introduction of new models in November last, aided the exceptionally good January showing for all types of cars.

Bank Debits—All economic areas share in January gains which totalled 0 per cent (after adjustment) over December and 12 per cent over the same month last year.

Other Gains—Life insurance sales; gross earnings of C. N. R. and C. P. R.; wheat exports.

Unfavorable:

Carloadings—Mid-February figures show belated gain though totals still well below corresponding figures of last year.

Leading Indicators as Compiled by The Financial Post

▲Denotes new figures this week.

WEEKLY DATA	Latest 1936	Latest 1935	Cumulative Total Jan. 1 to date 1936	Cumulative Total Jan. 1 to date 1935
Transportation—				
Car loadings (Feb. 15)	▲43,256	45,299	278,088	294,105
C.N.R. gross earn. (Feb. 21)	$ ▲3127,186	$ 3,063,173	$ 21,522,081	$ 21,258,509
C.P.R. gross earn. (Feb. 21)	$ ▲2,190,000	$ 2,078,000	$ 15,878,000	$ 14,274,000
Business Conditions—				
Weekly index D.B.S. (Feb. 15)	▲106.1	97.3	......	......
MONTHLY DATA	1936	1935	1936	1935
Business Conditions—				
Financial Post index (Jan.)	107.6	97.1	......	......
Transportation—				
C.P.R. net earnings (Dec., '35)	$ 3,306,013	$ 3,171,408	$ 22,397,523	$ 24,384,023
C.N.R. net revenue (Nov., '35)	$ 2,335,158	$ 1,700,014	$ 12,130,957	$ 11,651,947
Iron and Steel (Jan.)—				
Pig iron production (tons)	▲61,336	44,416	......	......
Steel ingots and castings prod. (tons)	▲100,225	59,526	......	......
Automobiles (Number)—				
Passenger Car:				
Domestic sales* (Jan.)	▲4,730	2,857	......	......
Factory output (Jan.)	▲11,370	8,269	......	......
Trucks and Buses:				
Domestic sales* (Jan.)	▲814	615	......	......
Factory output	▲2,041	2,338	......	......
Exports (Jan.)	▲5,082	4,586	......	......
Construction—				
Building permits (Jan.)	$ 1,283,716	$ 882,878	......	......
Contracts awarded (Jan.)	$ 13,610,400	$ 10,220,100	......	......
Newsprint (tons)—				
Production (Jan.)	227,955	201,959	......	......
Exports (Dec., 1935)	277,743	245,135	2,574,987	2,399,606
Sugar (lb.)				
Melting & shipments§ (raw)	21,055,285	17,133,660	......	......
Manufactured§	24,044,674	29,801,281	......	......
Flour (bbls.)				
Production (Dec., 1935)	957,219	953,205	14,208,802	14,655,062
Wheat flour exports (Jan.)	▲314,311	346,099	......	......
Trade (December)—				
Retail trade (index no. of sales)	76.8	71.1	......	......
Imports (Jan.)	$ 40,590,276	$ 37,229,405	......	......
Exports (Jan.)	$ 54,417,324	$ 43,901,826	......	......
Wheat exports (bush.) (Jan.)	▲7,557,320	5,380,266	......	......
Employment, D.B.S. Index (Jan. 1)—				
All industries	99.1	94.4	......	......
Manufacturing	96.8	91.3	......	......
Electric Power Output (Dec., '35)—				
Total monthly (000's omitted)	2,156,525	2,052,940	22,039,822	19,910,723
Aver. daily	69,565,000	66,224,000	......	......
Other Industrial Indices—				
Lumbering:				
Plank & board exports M. bd. ft. (Jan.)	72,236	75,191	......	......
Boot & shoe prod., pr. (Dec., '35)	1,565,986	1,170,010	21,712,685	18,491,817
Crude petrol., imp. gal. (Jan.)	61,131,249	59,948,284	......	......
Cotton imports, lb. (Jan.)	19,939,607	11,068,000	......	......
Raw rubber imp., lb. (Jan.)	3,938,272	5,980,505	......	......
Coal imports, tons (Dec.)	800,581	783,685	13,009,098	13,813,657
Finance—				
Bank debits (Jan.)†	$ ▲2,992,068	$ 2,682,050	......	......
Bond sales (Jan.)	$ 133,657,114	$ 19,226,500	......	......
Life insurance sales (Jan.)	$ ▲34,221,000	$ 32,988,000	......	......
Automobile Financing—				
Used cars (Dec., 1935)	$ 942,024	$ 603,813	$ 17,931,608	$ 13,726,728
New cars (Dec., 1935)	$ 1,285,656	$ 456,180	$ 22,410,656	$ 16,364,735

*D.B.S. All-Canada figure comprising over 90% of the Canadian total. †000's omitted. §For 4 weeks to Jan. 25, 1936.

Country Store Shows Lowest Gross Margin

Canadian Averages Shown to Vary from 17 to 58 Per Cent

TAILORS ARE HIGHEST

That the gross profit margin of Canadian retailers is highest among custom tailers and lowest for country general stores is shown by a special survey undertaken for the first time this year by the Dominion Bureau of Statistics.

Custom tailors, it is noted, carry on both merchandising and production operations which means their gross margin is necessarily high to cover the cost of tailoring. The margin for this business is given as 58.5 per cent. The average margin in country general stores is but 16.7 per cent.

A comparison of the provincial figures for country stores shows gross margin percentage was fairly uniform for all provinces, the highest being in Quebec at 17.9 per cent and the lowest in Manitoba at 15.6 per cent.

Definition of Term

In this report the term "gross margin" represents the amount remaining after deducting the net cost of goods sold, from net sales.

Averages are given for Canada, Quebec and Ontario.

Gross Margin Percentage of Net Sales for Independent Stores in Canada

Kind of Business:	Canada	Que.	Ont.
Candy, confectionery	33.7	36.0	36.3
Fruit, vegetable	20.8	25.1	19.4
Grocery	17.3	18.1	17.8
Combination stores	18.3	19.4	18.0
Meat markets	23.4	22.2	23.2
Country general stores	16.7	17.9	16.7
Department stores	29.2	30.4	30.2
Dry goods stores	26.6	26.0	26.8
General merchandise	19.8	19.5	21.4
Automobile dealers	19.9	18.5	20.3
Accessories, auto.	31.8	30.2	31.6
Filling stations	20.4	20.8	20.7
Men's, boys' clothing	31.2	34.6	30.8
Men's furnishings	30.9	29.5	31.2
Men's cloth., furnishings	28.4	28.4	29.0
Custom tailors	58.5	68.5	53.4
Family clothing stores	27.0	28.1	28.1
Women's ready-to-wear	29.3	28.3	29.8
Hosiery, lingerie	27.7	26.9	27.4
Millinery stores	43.9	45.7	47.0
Furriers—fur shops	39.0	40.4	37.0
Shoe stores	27.7	27.1	28.4
Hardware stores	26.6	25.6	27.8
Lumber, bldg. dealers	29.3	31.9	28.2
Furniture stores	32.4	32.0	32.5
Radio & music stores	37.1	39.5	35.1
Restaurants, cafeterias	42.9	45.9	44.3
Book stores	31.9	32.9	31.6
Coal & wood yards	20.2	19.8	19.7
Drug stores	30.3	30.5	29.9
Jewellery stores	40.8	38.6	41.0
Office, school supplies	38.2	37.8	38.5
Typewriter dealers	56.7	58.4	53.5
Tobacco stores, stands	21.4	22.6	21.1

What's What In Advertising

Plans for advertising of Canadian General Electric products this year call for a dramatized presentation of the convenience of electrical equipment in the home. Magazine copy in full page space will carry the story, two booklets being keyed by coupon with the advertisements. Hotpoint ranges and refrigerators will be advertised independently in daily newspapers along the "modernize with economy" theme. Daily newspapers and trade papers will be used to feature the company's air-conditioning equipment, while subsidiary products will also use the same medium. Establishment of actual electric homes at various centres is also planned by the company.

* * *

An increase in its appropriation for advertising during 1936 is announced by the Noxzema Chemical Co. of Canada Ltd. Magazines and farm papers will be added to the list of media.

* * *

Advertising for Tuckett tobacco products will be placed in future by Baker Advertising Agency Ltd., Toronto.

* * *

J. Walter Thompson Co. Ltd., Montreal, have been appointed advertising agents by the Barrett Co. Ltd.

* * *

A. E. Ford becomes Toronto representative of the Quebec Chronicle-Telegraph, effective March 1.

* * *

Vickers & Benson, Limited, Toronto advertising agency, have been appointed by the National Cash Register Co. of Canada Ltd., to direct the firm's advertising.

* * *

Larry Webster, for many years advertising manager of Riley Engineering & Supply Co., Toronto, has been appointed to the same position with the Trane Co. of Canada Ltd. Since leaving Riley's he has been in the advertising agency business under his own name.

* * *

K. C. "Ken" Anderson leaves the Bryant Press Ltd., Toronto, to become an account executive with the Walsh Advertising Co., Windsor. Before poining Bryant, Mr. Ander-Before joining Bryant, Mr. Anderson had been with Southam Press Toronto Ltd. and with Grand and Toy Ltd. as advertising and sales manager.

Background of Business

Plumbing Fixtures Up

Increase in Profit Margin for Plumbing Trade Responsible — New Trends in Grocery and Clothing Fields

Manufacturers of enamelware have raised prices to wholesalers who in turn have advanced trade prices in certain lines, including the five-foot bath, from some sizes of sinks, certain lavatories and built-in bath tubs, says Sanitary Engineer.

In new trade price lists being issued, a new policy is being adopted by wholesalers in that there will now be a discount of 16 2/3 per cent from list prices quoted for plumbers instead of the former 10 per cent.

* * *

Plumbers' Margin Up

This increased margin to the plumbing trade is considered one of the most important moves in many years, and a step that has been persistently urged because of the contention by the trade that plumbing fixtures cannot be profitably sold on a margin of 10 per cent between the list price and the plumbers' cost.

Sanitary Engineer names the step as "a challenge to the trade to put its ship in order" and sees it as an opportunity to make a profit along the lines urged for many years. One fear is apparently that some plumbers will see in it only a greater opportunity to cut prices.

The new discount will apply to purchasers of enamelware, brass goods and sundries, but is not applicable to pipes, boilers and radiation. Previously, where plumbers were allowed a discount of 10 per cent from the wholesaler's list, the net list price was used in selling to the consumer. Net trade prices are practically unchanged, but list prices have been increased to take care of the additional spread, according to J. T. Crowder, secretary of the Ontario Jobbers' Council.

* * *

British Optimistic

In a review of economic conditions in the United Kingdom in 1935, Frederick Hudd, Chief Canadian Trade Commissioner in that country, reports as follows:

"The progress made in all industries in 1935 provides ground for an optimistic outlook for the future. Although widely divergent factors are involved, it is believed that the improvement in trade generally which has taken place, particularly in those industries which have been in a depressed condition for some time, is an indication of a still greater and more pronounced degree of recovery.

"There are no indications that the increased internal demand is coming to an end, and in spite of some disturbing elements which exist, the prospects for a continued improvement in export trade are bright. Imponderable and changing factors, however, such as political and international events, make positive prediction somewhat hazardous."

* * *

Pushing Private Brands

Drug Merchandising reports that one of the larger chain stores is planning to pay clerks a commission on sales of their private brand lines. This practice is expected to increase the sale of this merchandise to a considerable extent and resumes a policy of a few years ago.

Some clerks are reported to have been able to make two or three dollars a week in commissions above their regular salary when the plan was in use before. A drawback is the possibility of too much pressure being brought on customers by over-anxious clerks.

* * *

New Zealand Gains

That New Zealand has experienced a remarkable improvement in trade, commerce and business activity is indicated in the current quarterly report of the Department of Industries and Commerce. "This improvement," says the Department, "covering as it does a very wide field, is noteworthy in that it is in comparison with a period last year which in turn was outstanding in its measure of recovery."

Special mention is made of the building and timber trades which have shown increasing growth internally and in exports. Export trade generally is described as very satisfactory, with increased prices for New Zealand butter and a firmer market for hemp. While exports to Europe continue restricted, a substantial improvement in exports to U.S.A. is noted "with a consequent tendency for a more reciprocal measure of trade with that country."

* * *

New Grocery

Canadian Grocer reports inauguration in Montreal of a new type grocery store known as "Consumer's Wholesale Grocery." Branches are to be located in various parts of the city, but the new organization is not to be misconstrued as a chain store, since the manager of each unit will be in business for himself.

A central purchasing department and warehouse has been established, and from this the manager makes his purchases. He is charged for the merchandise the same as an independent grocer, but the aim is that he secure any advantages that may accrue from the accumulated purchasing power of the complete organization plus benefits of the guidance the central organization can render in its management.

Once the manager sees his stock of merchandise, it is virtually his own, and up to him to sell and make a profit. The only deduction from this profit is a servicing charge for advertising. A stipulation, however, is that he must maintain selling prices, since this is deemed essential for advertising purposes and the sake of uniformity. Stores will be on a self-serve plan and without telephone or delivery.

* * *

Industrial Shift

A very important shift of new industries to England, particularly in lines which have not formerly been large in the industrial life of that country is noted by Hardware and Metal, Toronto. One reason given is that persecution of Jews in Germany which has meant the transfer, for example of the famous Leipzig fur trade to London, said to be worth $50 millions a year. Eighty per cent of the German fur trade is said to have moved to London.

* * *

Manitoba Clothing

At least one or two Manitoba clothing manufacturers have voluntarily unionized their labor and signed up wage scales for at least one year, according to Men's Wear Merchandising, commenting on the recent trend of garment manufacturing in Manitoba. Employers, now guaranteed against labor troubles for the coming year (at little additional cost to their operating expenses) are said to be in a position to reap full benefits of the business which came unexpectedly from the East with the inauguration of Industrial Codes and stiffened minimum wage laws in Ontario and Quebec

At the moment, Manitoba factories are not sufficiently numerous to cope with any more than a small fraction of eastern business, but the possibility looms of new plants opening up to take care of this surplus business or of eastern manufacturers moving their plants to Manitoba.

Commodity Prices

	Latest week	Previous week	Same week last yr.
Cattle	$7.00	$7.25	$7.00
Hogs	9.60	9.50	9.25
Copper, lb.	.09¼	.09¼	.09
Cotton, lb.	.1145	.1180	.1265
Rubber, lb.	.1568	.1569	.1306
Sugar, raw, lb.	.0338	.0330	.0295
Silk, lb.	1.75	1.87	1.44
Wheat (Man.) bus.	.81⅞	.81	.80⅜
Coffee, lb.	.07	.07	.08½
Weekly Indices			
N. Y. Annalist	127.2	126.6	124.5
Fishers'	83.8	83.5	82.2
N. Y. Journal of Comm.	81.1	81.5	79.1
Crumps (Brit.)	68.2	68.5	64.2
U. S. Labor	80.2	80.4	79.4
Canada (D.B.S.)	72.4	72.5	71.9

Monthly Indices

Canada (D.B.S.)	Latest month	Prev. month	Same last year
Retail (Jan.)	80.8	80.8	78.8
W'sale (Jan.)	72.9	72.6	71.4
U. S. Labor (Dec.)	84.6	84.8	80.7
Gt. Brit. (Dec.)	77.3	77.2	71.1

Note: Indices on all base 1926 = 100. British index is Economist converted to 1927 base.

Base of price quotations is as follows: cattle—steers, good, over 1,050 lb., top price. Toronto: copper—electrolytic, New York: silk—Japanese, 13-15. New York: Sugar—96 degrees centrifugal c/f New York: wheat—No. 1 Man. North., Ft. W.-Pt. A. basis; hides—heavy native steers; select bacons, Toronto.

New Industries

Pacific Coast Packing Co. is erecting a modern factory to cost about $50,000 in Vancouver for the manufacture of food products.

Dad Cookie Co., Vancouver, will build a $6,000 bakery plant on Kingsway.

Processed Fuels Ltd., Victoria, is building a new factory to cost $10,000.

B. C. Plywoods Ltd., Vancouver, has completed the new $200,000 veneer plant and it is now in operation.

Signal Oil Co., Vancouver, has awarded contracts for three new service stations to cost $18,000.

Correction. In this column last week it was reported that "Thermos Bottles are now being manufactured by General Steel Wares, London, Ont." The Financial Post wishes to correct this statement in view of the fact that "Thermos" is the registered trade mark of Thermos Bottle Co., Ltd., Toronto, which gives this company the exclusive use of the word.

New Products

"Big Husky" Automatic Grain Puffing Machine is being manufactured in Vancouver by McGlashan & Jenkinson. H. E. McEwen is manager and owner of the American parent company.

Asbestos Shipments Record Further Gain

From Our Own Correspondent

MONTREAL.—Shipments of asbestos from Thetford Mines during January totalled 6,949 tons. This was in contrast with 5,291 tons for last December. Present indications are that shipments of asbestos for 1936 will be the largest on record since 1929.

Correspondents
THE KENTERNE TRUST LIMITED London, Eng.
MANNING & CO. LIMITED Barbados, B.W.I.
AGOSTINI BROS. Trinidad, B.W.I.
JOHNSON & COOPER Bermuda

W. C. Pitfield & Company
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MONCTON
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CAMPBELLTON
CHARLOTTETOWN
HALIFAX

Investment Securities

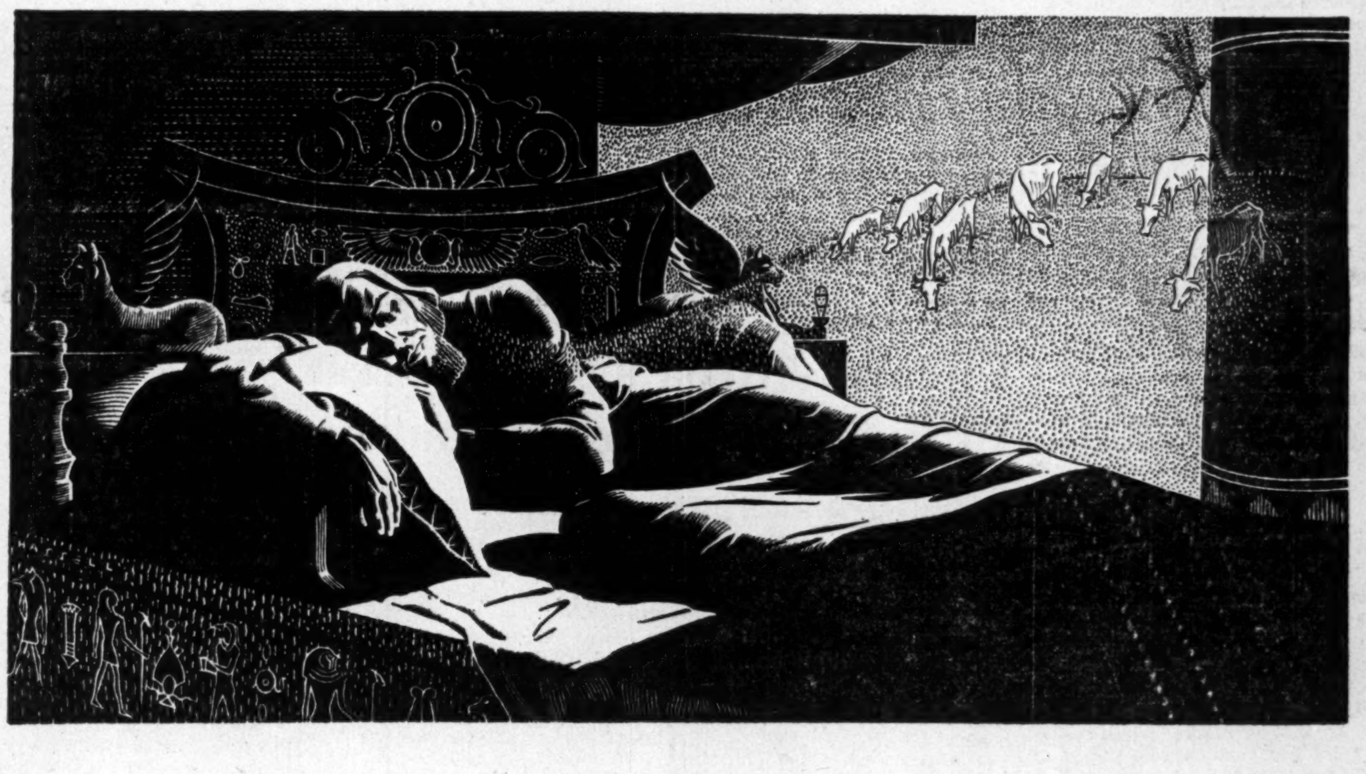
We deal actively in Government, Municipal and Corporation securities and can submit suggestions for sound income-yielding investment or for probable capital appreciation.

Following are some current selections:—

			Price about	Yield %
C. N. R. (Dom. Gov. Guar.)	3	1953	97.50	3.19
Prov. of Manitoba	3½	1949	96.34	3.85
Acadia Sugar	4½	1955	102.50	4.32
Famous Players	6½	1948	103.75	6.05
Federal Grain	6	1949	103	5.68
International Power	6	1957	98.50	6.12
Montreal Tramways	5	1955	87	6.15
Newfoundland Lt. & Pwr.	4½	1956	101.50	4.35
Restigouche Co.	6	1948	101	5.85

Information on these or other issues furnished promptly upon request.

Royal Securities Corporation
Limited
244 St. James Street, Montreal — 330 Bay Street, Toronto
Offices throughout Canada; also in New York and London



THE SEVEN LEAN KINE

LONG AGO Pharaoh dreamed of seven lean kine, and Joseph knowing what it foretold, advised him to prepare in the years of prosperity for the seven years of famine that were to follow.

* * * * * * * * * *

IN THE LEAN YEARS experienced by Canada since 1929, the wisdom of Joseph's policy was amply demonstrated. For it is a fact that those manufacturers, who in good times consistently advertised in the magazines, weathered the depression far better than non-magazine advertisers. Through consistent magazine advertising, their products maintained a national familiarity and reputation which kept sales volume at a reasonable level even through the worst depths of the depression, and now these firms are making the quickest comeback.

TODAY throughout Canada the shadow of those lean years has lifted. And in every community—in every city, town and hamlet—are people with restored willingness and ability to purchase. *And there is one way to obtain no-waste coverage of these "able to buy" homes.* That is by magazine advertising which has so proved its value as protection in depression and security in prosperity.

Canadian Home Journal • National Home Monthly
Chatelaine • Maclean's Magazine • Canadian Magazine
PROVIDE A NATIONAL COVERAGE ACROSS CANADA

In The Construction World

Housing Facts

IN POINTING to the prospects for improvement in residential building and housing projects on this continent, the U. S. Chamber of Commerce states that while many important and immediately pressing questions need to be solved, agreement is apparently being reached on several important points. These are listed as follows:

(1) That English experience has very little direct and practical bearing upon problems here because of widely differing conditions.

(2) That there is nothing to be gained by a forced or artificial activity in housing which will collapse when the stimulus is removed.

(3) That construction of residences and the improvement of housing conditions, while of national interest, are inherently a localized activity, and the problem should be so recognized.

* * *

Six-room Houses

SIX-ROOM houses are more common in Canada than homes of any other size, but are not typical in all parts of the country says a special survey by the Dominion Bureau of Statistics. Nearly 60 per cent of Canadian households occupy from 4 to 7 rooms and almost 20 per cent live in 3 rooms or fewer. Only 3½ per cent live in homes of more than 10 rooms.

Important regional differences exist. Thus in the Maritimes, urban homes such as in Halifax and Saint John specialize in six rooms while the rural homes are larger on the average than in any other part of Canada. Five-room houses are the most numerous in urban Quebec, but in rural Quebec, there is no tendency to any special size. Ontario homes characteristically include six rooms, the outstanding exception being Ottawa where seven-room houses are most numerous.

* * *

Prairie Homes Smaller

OVER 60 per cent of prairie rural homes contain four rooms or less, while the number of such houses in Ontario is less than 23 per cent. In Alberta and Saskatchewan, there are more rural households occupying two rooms than any other. Prairie urban areas also contain proportionately more small homes and a lower percentage of large homes than is found in Eastern Canada, though the typical size is five. Rural and urban home distribution in British Columbia are more nearly similar than any other province.

* * *

Mortgages

TRADITIONAL practices in the small-home mortgage field in the United States are described by Marc A. Rose, an American writer on housing problems, as "a mixture of extreme conservatism and outright racketeering," and as "a practical system for taking homes away from their owners."

A typical case cited is that of a man who was earning $4,000 a year in 1920, with good prospects for future income. He bought a $10,000 house and paid $2,000 in cash, assuming a first mortgage of $5,000 at 6 per cent, which he probably never intended to pay off.

He signed a second mortgage for $3,500 at 8 per cent, apparently unaware that he was paying, in reality, 17 2/3 per cent interest yearly on the use of $3,000.

Failing to get renewals, and his income negligible, twelve years later, in 1933, he lost the house on foreclosure. Going over the transaction found he had paid $2,000 down and $10,000 in interest, renewal fees, and other charges every few years as the mortgages fell due, on a $10,000 home. And he still owed as much as when he started to "buy" the house. It cost him $140 a month to live in a house he could have rented for $100.

English Electric Co. Looks for Trade Increase

From Our Own Correspondent

MONTREAL.—Improved operating results and financial position will be shown in the annual report of the English Electric Co. of Canada for 1935, according to official statement.

"Prospects of the company," the statement goes on to say, "depend in a large measure on general improvement in business conditions, and in this connection it is encouraging to note that the electric power output in Canada for 1935 was over 11 per cent greater than the output for 1934. With the increase of power the demand for our products has grown. The rapid development of mining also affords another promising market for the sale of our products.

"With recovery in Canada gaining headway, industrial demand for the heavy types of equipment which we manufacture, such as motors, generators, transformers, etc., show evidence of revival, aided by necessary replacement requirements."

Pressed Metals Pays 37½c Dividend April 1

Pressed Metals of America has declared a regular dividend of 25 cents a share with an extra 12½ cents a share payable April 1 to shareholders of record March 16.

The extra payment reflects the substantial improvement in earnings for 1935. The last previous payment was 25 cents a share on Jan. 2, 1936. The first cash dividend since 1932 was one of 12½ cents a share on Oct. 1, 1935.

M. S. Osborne President Of Manitoba Architects

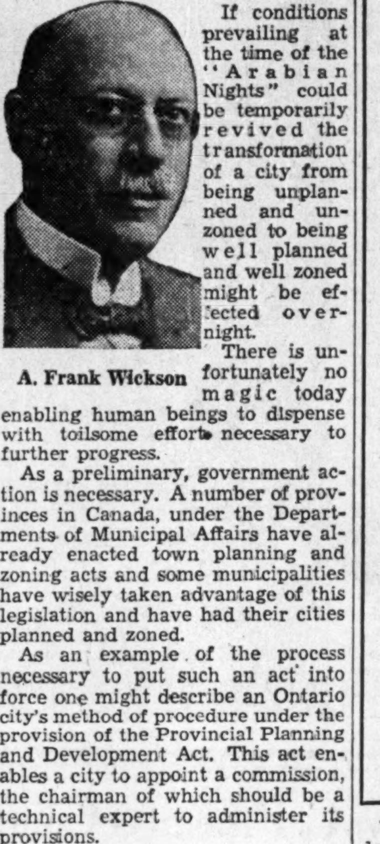
From Our Own Correspondent

WINNIPEG. — Members of the Manitoba Association of Architects elected Professor M. S. Osborne president of the association, at the recent annual meeting. William Fingland was elected vice-president.

Government Machinery Available For Intelligent Zoning of Cities

Creation of Commissions Seen as First Step in Dealing With Planned Housing and Slum Clearance

By A. FRANK WICKSON, F.R.A.I.C.



A. Frank Wickson

If conditions prevailing at the time of the "Arabian Nights" could be temporarily revived the transformation of a city from being unplanned and unzoned to being well planned and well zoned might be effected overnight.

There is unfortunately no magic today enabling human beings to dispense with toilsome efforts necessary to further progress.

As a preliminary, government action is necessary. A number of provinces in Canada, under the Departments of Municipal Affairs have already enacted town planning and zoning acts and some municipalities have wisely taken advantage of this legislation and have had their cities planned and zoned.

As an example of the process necessary to put such an act into force one might describe an Ontario city's method of procedure under the provision of the Provincial Planning and Development Act. This act enables a city to appoint a commission, the chairman of which should be a technical expert to administer its provisions.

Zoning Commission

The commission has authority to consider the city's present condition, to make surveys and plans and collate data indicating what could and should be done to improve the city as a whole.

Older areas should, of course, be disturbed as little as possible by making use, for instance, of the existing street pattern as a foundation for any improvements considered indispensable.

The efforts of the commission can, however, be more especially directed to newer sections. Here, among other defects in planning, there is a tendency on the part of land owners to divide their property into narrow lots, regardless of advantages to health and comfort of future owners by scientifically and skilfully laying it out to obtain best results. All plans under this scheme plainly indicate the division of the city into zones.

Proposals of the commission are subject to confirmation by the Municipal Railway Board, and once approved can only be changed by authority of the same board. Desired stability is thus provided.

Cost Must be Paid Blindly or Wisely

Proper regulation of town planning and zoning is essential to any solution of the housing problem, said Lieutenant-Governor Herbert A. Bruce of Ontario, addressing the Royal Architectural Institute of Canada at the institute's recent annual dinner in Toronto.

"It is not a question whether we shall pay or whether we shall not pay," he declared. "It is a question of whether we shall pay blindly or intelligently.

"Housing for the poor we are going to provide. It is only a question whether we shall house them in hospitals, mental institutions, reformatories and jails, or whether we shall house them in cleanly, light and sanitary surroundings where both body and soul will have a chance. Which shall it be?"

Methods by which zoning and town planning can be effected, under existing legislative machinery, are outlined in this article by A. Frank Wickson, past president of the Royal Architectural Institute of Canada.

When a city has a town planning department it naturally becomes the nucleus of the organization formed to put into action the work of the commission, though the final authority in all matters is vested only in the commission itself.

A Question of Economics

Incidentally this commission deserves a great deal of tolerance on the part of the community. Its work is onerous, extensive and involved and naturally arouses some opposition.

Morton C. Tuttle, of Boston, has succinctly stated housing programmes should be considered in their wide social aspects.

"Home-building," he says, "for our own people is not merely the problem of designing and erecting houses, it is but one part of an important social problem which involves questions of real estate economics, tax policy, social competence, economic impotence and the philosophy underlying a nation's obligation to its citizens."

Zoning is a part of such a programme. It includes the limitation of density of population, definition of industrial areas, commercial districts of various classes and also zones for churches, schools and hospitals.

As an assistance to the housing problem building codes should include special provisions to meet the requirements of low cost housing.

Unemployment and Zoning

Canada's unemployment problem can be very definitely affected by the construction among other housing works of self-contained workmen's dwellings, particularly as there is ample cheap land available in almost every large community. Any kind of house-building is so tied up with zoning that the latter becomes imperative. Not only are new buildings required but the rehabilitation in blighted areas is an important phase of the housing question and requires serious consideration.

When advocacy is made of zoning the cry often goes up that it is "too late."

One hundred years ago a visitor to Toronto lamented the fact that the main streets were too narrow and remarked "but it's too late to do anything about it now." It is rarely too late to do something about an undesirable condition.

Housing and Slums

Whatever ultimate projects a zoning commission may have, its attention at the present time would have to be given to the partial zoning required in connection with housing and slum clearance, and so give the necessary protection to promoters of building schemes which should be and are liable to be inaugurated at any time.

This work is already belated—so much so, it is startling to learn that of the $10 millions appropriation by the federal government for the purposes of assisting these promotions, only $600,000 has been applied for, to date. This is being used in assisting the financing of building projects of various kinds.

The lack referred to is in spite of the fact that Canada is said to need 55,000 houses to supply the deficiency caused by years of depression.

Any action in connection with the slum question is not yet even in the offing but must come sooner or later and that also must be accomplished under properly zoned conditions.

Vancouver, one of the Canadian cities working under a commission as described, has undoubtedly been benefitted by its control.

This is the second in a series of articles on the background of the building situation, by A. Frank Wickson, F.R.A.I.C., past president of the Royal Architectural Institute of Canada. Further articles will appear in forthcoming issues of The Financial Post.

Ambitious Sales Experiment Uncovers Broadened Interest In Field of Modern Housing

Revival of Demand Evident in Demonstrations of Fully Equipped Dwellings in Canada and United States

By J. F. QUINLAN

Over 300 houses, fully electrically equipped, stand today as tangible evidence of the success of an experiment in the United States. They are known as the "New American" homes.

"New American" is not a new type of architecture, or the stripped, ornament-free functional manner of building which has slowly been gaining acceptance and recognition in the United States. It represents something wider than a new style in building, a successful attempt to stimulate public interest in new housing methods.

In 1934 a national architectural competition was held under sponsorship of leaders in the electrical industry. The aim was to bring forth the finest conceptions of what a modern home should be.

About 9,700 architects and designers entered into competition and from the contest came a new idea in domestic architecture. It was not a style, but a house planned for utility and comfort first; where the interior arrangement was of paramount importance.

Aid To Sales

The ultimate objective was to sell electrical appliances. However, modern domestic appliances and better living conditions are practically synonymous.

For several years, executives in the General Electric organization had been thinking independently along the lines of better housing. With promise of a resumption of business and cognizant of the fact that the entire United States was ripe for replacement and replenishment, the latter part of 1934-1935 appeared as the psychological moment to launch the architectural competition.

The banks of the U. S. were bulging with money; investors were seeking places to put money to work. There was no question that building would be the first industry to feel the effect of better times because it had woefully lagged behind during the years of depression.

This was about a year ago. The company did not propose to build houses.

However, by making plans available and by allowing its distributors and dealers to give substantial discounts on specified electrical equipment, General Electric sought to stimulate the erection of "New American" houses in all sections of the United States.

A quota of one house to every 100,000 of population was set up, flying squadrons were sent into the field, local committees were organized, and the work got under way.

Idea Spreads

By late spring of 1935, the idea had been spread across the United States. The result was a large volume of commitments from private builders, operative builders, real estate organizations and others, expressing willingness to erect demonstration homes.

As the time came for the first house to open, sponsors of the plan awaited public reaction with considerable trepidation, for the idea was entirely an experiment. Fears ceased after reports came in concerning the crush of people at the first opening which took place in Marblehead, Mass. Over 20,000 people passed through this house on the first day that it was open. As each successive house was opened, the story was repeated.

The Will to Buy

People came to the houses with no other urge than their own interest in better living conditions, to receive new impressions, new ideas, and to broaden their perceptions. Back of their visits was the impelling power of a mighty wave of national advertising and publicity.

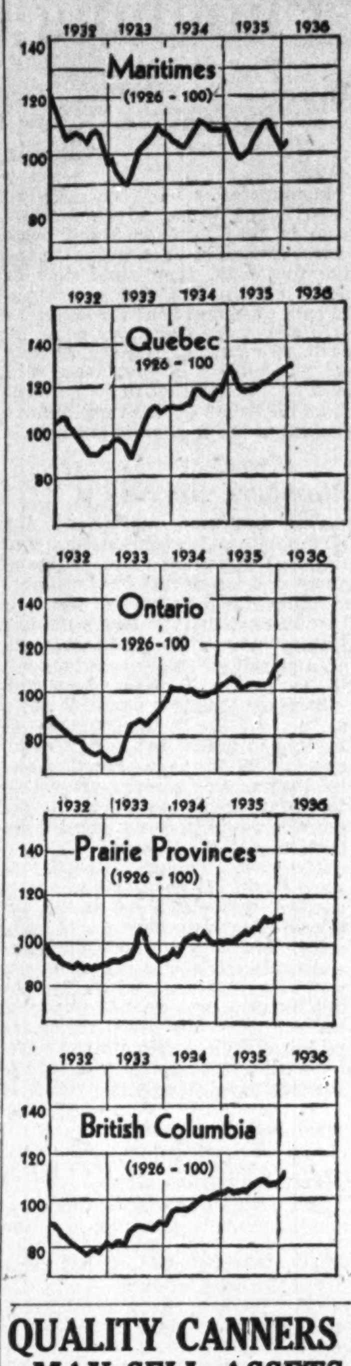
As these crowds of people passed through the houses, their old conception of what a home should be underwent a change. They gained startling ideas on the labor and drudgery eliminating possibilities of electrical appliances, and new ideas of space utilization. Most of the houses, built according to standards of a decade or more ago, are often less than sixty per cent efficient in their utilization of space. The demonstration houses utilized space up to ninety per cent of their cubic contents.

People who visited the houses went back to their homes and saw their dwellings with different eyes. Unconsciously perhaps, they contrasted what they had seen with the conditions under which they lived. Their conception of what a home should be underwent a change and with this change came the urge to possess.

Plan is Broadened

A year ago, the idea was a house planned from the inside. The builder could use an external design according to his particular fancy. This year the planners are going to take into consideration that a house which might be eminently fitted to stand in an elm shaded New England town might be a hideous eyesore against the sun drenched hills of Arizona.

Five Economic Areas Show Trade Upturns



QUALITY CANNERS MAY SELL ASSETS TO EMPIRE FOOD

New Firm Likely to Take Over Properties for $400,000

From Our Own Correspondent

MONTREAL.—Cleaning up of the aiffairs of Associated Quality Canners is seen in the announcement of the organization of Empire Foods Corp., which is understood to be a subsidiary of Fine Foods of Canada, of Tecumseh, Ont.

Empire Foods, according to Canadian Grocer, is understood to be negotiating for the purchase of Associated Quality Canners.

Tomkins's Letter

Creditors of Associated Quality Canners recently received a letter from W. M. Tomkins, vice-president, representing Asquacan, Ltd., the largest shareholder of Associated, and vice-president representing Whittall Can Co., the largest creditor. He indicated that amounts owing by Associated Canners to the bank and Whittall Can approximated $1.4 millions. It was proposed to sell the properties for $400,000.

It is calculated that total liabilities are around $1,850,000, which would indicate that this amount would have to be secured before the shareholders would participate in the proceeds of such a sale. The bank is said to be practically the owner of the property.

$150,000 Memorial for U.B.C.

Intended as a memorial to the late Dean R. W. Brock of the University of British Columbia, Faculty of Applied Science, a permanent "Student Union" building is planned for erection on the U.B.C. campus at a cost of approximately $150,000.

Plans call for completion of the building within the present year.

Business Operations Are Gathering Speed

The present year commenced with an acceleration in business operations in each of the five economic areas. The Financial Post regional indexes moved up unanimously in January over the preceding month. The index of the Maritimes which had been receding in the latter part of 1935 reversed its trend. The advances in Quebec, Ontario and British Columbia, which had been in progress during the greater part of 1935, were continued in the month under review. A slight gain was shown in the Prairie provinces where considerable stability had been shown during the latter part of 1935.

The advances in January were due mainly to expansion in the financial factors. Bank debits and sales of insurance made a bright exhibit, advances being shown in all areas in bank debits and in all areas except the Maritimes in the sales of life insurance.

In Quebec, Ontario and British Columbia, the January indexes were influenced by the sharp advance in new business obtained by the construction industry The reactionary influences in January were the general declines in electric power and employment The export trade was heavy through Maritime and British Columbia ports. The net result was that considerable advance was shown in Quebec, Ontario and British Columbia.

TREND OF BUSINESS IN FIVE ECONOMIC AREAS

	January, 1936	Change from 1935
Maritimes:		
Construction contracts $	150,000	—65.4
Building permits ..... $	67,000	+294.1
Life insur. sales .. $ 000	1,970	+3.7
Bank debits .. $ 000,000	50.4	+15.9
Elec. power .. kw.h. 000	38,572	—29.2
Employment . 1926=100	102.2	+2.1
Exports .... $	20,670,850	+19.9
Imports .... $	2,671,201	—7.8
Tonnage of vessels, cleared from Halifax..	442,139	—17.8
Index	104.1	—4.8
Quebec:		
Construction contracts $	4,660,000	+163.0
Building permits .... $	284,000	+149.1
Life insur. sales .. $ 000	8,869	—0.6
Bank debits .. $ 000,000	829	+6.1
Elec. power .. kw.h. 000	1,045,702	—3.4
Employment . 1926=100	95.2	+6.4
Imp. of raw cotton, lb.	19,939,607	+80.2
Newsprint prod. .. tons	227,955	+12.9
Index	128.5	+3.3
Ontario:		
Construction contracts $	5,741,000	—12.7
Building permits .... $	457,000	—18.2
Life insur. sales .. $ 000	16,746	+6.9
Bank debits .. $ 000,000	1,312	+1.8
Elec. power .. kw.h. 000	675,429	+16.6
Employment . 1926=100	102.4	+2.2
Livestock slaughterings .... 1926=100	133.0	+4.7
Steel production .. tons	100,225	+68.4
Automobile prod. .. No.	13,302	+25.4
Index	114.6	+10.9
Prairie Provinces:		
Construction contracts $	975,000	+75.7
Building permits .... $	48,000	—34.2
Life insur. sales .. $ 000	4,012	—4.6
Bank debits .. $ 000,000	635	+46.0
Elec. power .. kw.h. 000	159,899	+17.8
Employment . 1926=100	93.7	+5.0
Wheat receipts .. bush.	3,203,000	—17.3
Wheat prices . $ per bu.	.847	+7.2
Index	113.0	+11.9
British Columbia:		
Construction contracts $	2,066,000	+136.8
Building permits .... $	428,000	+256.7
Life insur. sales .. $ 000	2,454	+21.6
Bank debits .. $ 000,000	165.3	+24.8
Elec. power .. kw.h. 000	132,058	+4.8
Employment . 1926=100	94.1	+5.0
Exports .... $	11,717,670	+30.0
Imports .... $	3,426,118	+14.5
Tonnage of vessel, cleared	810,106	—8.2
Index	112.2	+9.1

BUILDING UPTURN CLOSELY RELATED TO RISING INCOME

Auto Executive Sees Restored Purchasing Power in Housing Field

On the surface, there appears little connection between the automotive industry and the construction trade but a common influence is exerting a far-reaching effect on both, according to John D. Mansfield, president, Chrysler Corp. of Canada Ltd.

"The reason why the automobile industry is being called upon to produce more automobiles is that for five years people have been in the habit of making their automobiles do for a while longer," says Mr. Mansfield.

"They saw that their cars would have to be replaced when business improved and when they felt they could afford to buy new ones," he adds. "That this situation has arrived now is the reason they are buying.

Replacement Needed

"The same situation will cause a stimulus in the construction industry. Not many new homes have been built in the last six years.

"Old houses have been becoming rapidly obsolete. In cities, families have been drifting from houses to apartments. When earnings become more plentiful the desire for houses of their own will return. The present accommodation will not meet the demand.

"Obsolescence is a factor that affects houses also," Mr. Mansfield states. "The dwellings that are being built today are a wonderful improvement on those that went up in the building boom following the war. The automobiles that are being turned out now are much finer machines than those produced in the early 'twenties, but the modern home has almost as many improvements.

"The air-conditioned home is not common yet, but neither is it uncommon. So long as architects and automotive engineers go on devising new methods of increasing comfort and luxury and building at prices that most people can afford to pay, just so long will there be new models of automobiles and new types of homes, and a steadily increasing volume of both."

INTERNAT. POWER OFFERS $75 SHAR[E] DEMERARA UTILIT[Y]

Seeks to Secure Balance Stock — Bid Good Until March 5

From Our Own Correspondent

MONTREAL. — Internatio[nal] Power Co. has made an offer of [$75] a share for the minority interest [in] the common stock of the Demer[ara] Electric Co. This offer holds g[ood] until March 5.

Demerara Electric was incorp[or]ated in British Guiana in 1899. [It] holds long term franchises for electric lighting, power and tra[m]way operations in the city of Geor[ge]town, Demerara.

Several years ago Internatio[nal] Power acquired majority control [of] the common stock, of which there [is] $425,000. No particulars have e[ver] been made public by Internatio[nal] as to the extent of its holdings [of] Demerara Electric, beyond the g[en]eral statement that over 50 per c[ent] of the stock is held.

No Dividends of Late

Upon incorporation, the auth[or]ized capitalization of Demerara El[ec]tric Co. was $850,000. This was [de]creased to $425,000 on March 24, 1[9..]. During the next six years the co[m]pany paid dividends on the st[ock] ranging from 2 to 5½ per cent, [but] no payments have been made si[nce] that time.

Financially the position of [the] company has not been altoget[her] satisfactory, the balance sheet [for] the year ended Dec. 31, 1934, show[ed] an adverse working capital posit[ion] of about $500,000. Included in [the] current liabilities were loans [of] about $550,000, as against curr[ent] assets of only $77,684.

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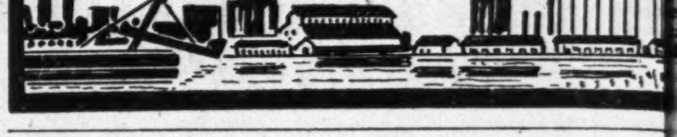

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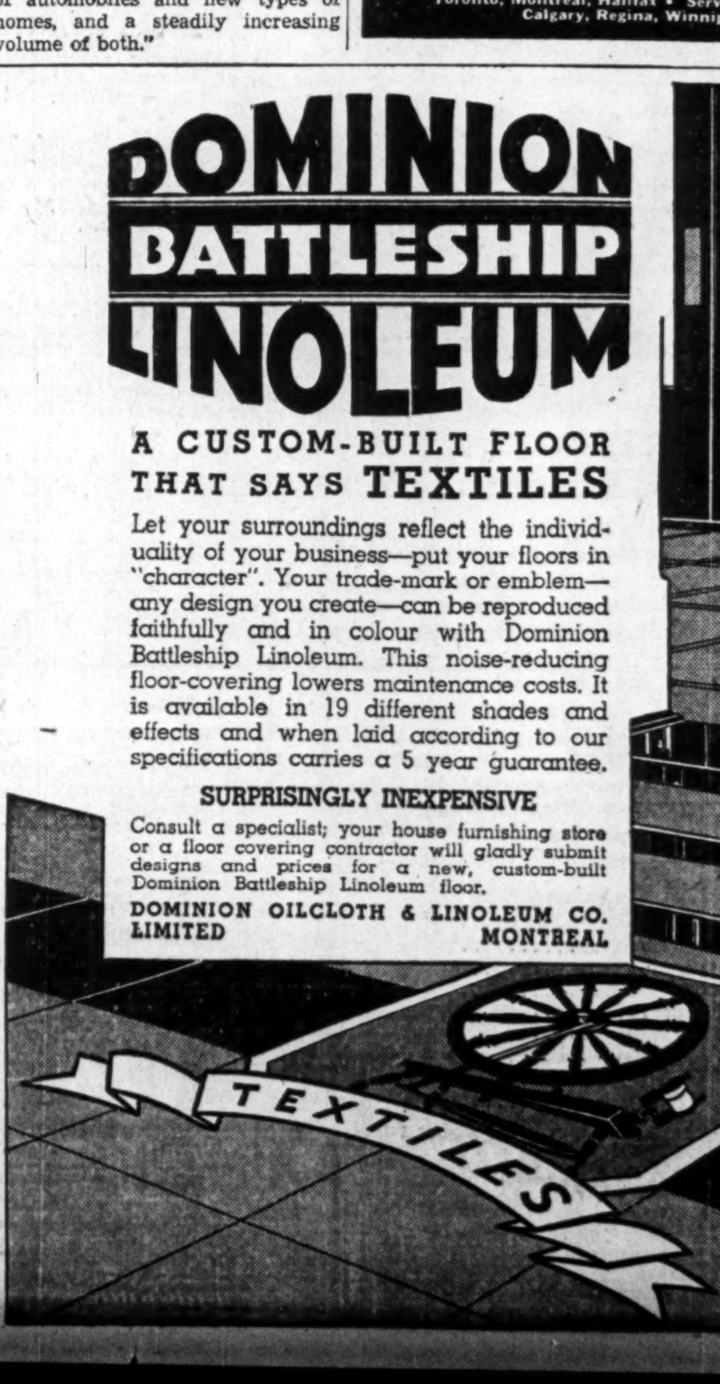

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Rogers-Majestic

Has there been any change in the affairs of Rogers-Majestic Corp. that would account for the decline in market value of the stock?

Rogers-Majestic Corp. has reported substantial sales increases, but these don't mean profits. The fiscal year ends March 31, 1936, and the company will probably show a loss after allowing depreciation.

One direct cause for the fall in the shares is the prospective loss for 1935-36. Another is that interests which acquired stock in the company in the past two years have been selling. Also, the price of radios in Canada has been reduced by the Canada-United States trade treaty.

Earnings were less than one cent a share in the 1934-35 year, and in other recent years there have been large losses. Some effort to rectify this experience is expected.

B. C. Power

Would you kindly give me the latest information as to earnings of B.C. Power and prospects of an increase in dividends?

B. C. Power Corp. has reported a moderate but steady increase in operating revenues during the current fiscal year which ends next June. For the six months ended last December, the company had a gross operating revenue of $6.8 millions and a net of $2.2 millions. This compared with a gross of $6.4 millions and a net of over $2.1 millions for the corresponding half of 1934.

For the year ended June 30, 1935, B.C. Power reported earnings of $1.69 a share on its class A stock, as against dividend requirements of $1.50 a share. While earnings have shown a moderate improvement this year to date, there is no reason for expecting that the management will take any action toward increasing dividend at this time.

Bathurst

I would be very much obliged if you would send me your advice on my holding of Bathurst Power and Paper Co.'s A shares.

Bathurst Power and Paper Co. stock has come in for attention of late, for several reasons. In the first place earnings of the company in 1935 were substantially ahead of those reported in 1934, though still at a point where it is not expected that the directorate will do anything in the way of dividends. Secondly, the company has a strong working capital position which will stand it in good stead as business improves. And thirdly, the company has no bank loans or bonds ranking ahead of its class A stock.

When the newsprint market fell off, the company wisely decided to change one of the machines to kraft liner board. The result has been very successful to date. It is now announced that the company intends to convert the remaining newsprint machine to kraft liner board. Whether or not the market will be able to absorb the additional output is a matter of opinion, but at any rate the company should be better off in operating the second machine on kraft liner board than on newsprint.

Dominion Square

I hold $10,000 Dominion Square Corp. first mortgage bonds. I should like to know if this concern is making any headway and to have your opinion as to the likelihood of the company being ever able to earn interest on the first mortgage bonds.

Dominion Square Corp. is making progress, though it cannot be described as being on a sound footing. The office-building situation in Montreal is far from satisfactory and the company has had difficulty in renting its available space. However, the unoccupied space is being gradually reduced and earnings show a tendency to increase. In the opinion of the bondholders' protective committee, the company should be in a position, for the time being, to pay about half of the interest on the first mortgage bonds.

Interest on the first mortgage bonds has been paid up to Oct. 1, 1933. It is anticipated that another half year's interest will be paid some time before the middle of this year.

Ottawa Valley Power

I hold an Ottawa Valley Power bond. In view of these bonds being affected by the Hepburn legislation, in your opinion do you think the company is going to pull out of its difficulties?

Ottawa Valley Power has not been successful in securing a new contract from Ontario Hydro, nor has it been able to sell or lease the plant. The company has instituted a lawsuit against the Hydro Commission, the Ontario Attorney-General and the Montreal Trust Co., asking that the Ontario Act repudiating the contracts be declared ultra vires. If this claim is turned down, the company asks that the agreement between Ottawa Valley and Ontario Hydro as regards operations and transformer equipment be declared null and void. In such event Ontario Hydro would find it difficult to operate its share of the Chats Falls development. The outlook for the company is uncertain until the lawsuits are settled. Meantime it is doubtful if the company will be able to meet bond interest due on April 1, though there is nothing official on this point.

Prov. Paper Financing

I hold some preferred stock of Provincial Paper Ltd. Does the rise to $104 indicate that it will be redeemed?

There is no immediate probability of the seven per cent preferred stock of Provincial Paper Ltd. being redeemed. The redemption price is $107, and a price of $104 for the shares does not necessarily indicate a possibility of redemption, but rather that well-regarded securities are scarce, and people are willing to pay a premium for a seven per cent stock.

The 5½ per cent first mortgage bonds, however, are callable at 101, and refinancing of these is a more likely prospect. It has not been decided upon, however, and any way it would benefit the preferred.

W. Canada Flour

Kindly give me whatever information you can on Western Canada Flour Mills preferred which I am thinking of buying.

Western Canada Flour Mills showed a loss of $52,356, after depreciation, in the year ended July 31, 1935. This was the first loss in its history, and caused the company to cease paying the partial dividend of $3 a share on the preferred. Arrears of preferred dividends will amount to $14.37½ a share, at March 15. The full annual dividend is $6.50 a share.

High wheat prices in Winnipeg, as compared with the relative Liverpool level, are blamed for the adverse showing of the company in recent years. Export shipments of flour had been increasing up to January, 1936, but showed a decline in that month. Until the export flour trade is more promising, so that there will be less pressure of sales on the Canadian market, the company's earnings may be poor.

The shares have risen from about $30 to approximately $60 each, reflecting better flour exports late in 1935. The advance discounts export improvement which has now disappeared.

The company's history shows that it is capable of earning the preferred dividend by a wide margin, given normal conditions in the flour business. However, it requires to build up working capital, which was $688,000 in 1935, compared with $1.5 millions five years earlier.

Pelissier's Ltd.

I do not see Pelissier's Ltd. stock listed. Can you give some idea of what the stock is worth?

Pelissier's Ltd. is listed only on the Winnipeg Stock Exchange. Quotations appear in The Financial Post each week, under Winnipeg Stock Exchange.

Transactions have been few, and the latest quotations are 30 bid for the preferred, no offering. The common shares are offered at 50 cents a share, with no bid.

The company has suffered net losses for five successive years, although the loss in the year ended Jan. 31, 1935, was only $700, as compared with $21,000 in the year ended Jan. 31, 1933. There has been some improvement in the position, but arrears of dividends on the preferred are so large that there appears to be little hope of anything for the common shares.

Acadia Sugar

For some time I have been holding common stock of Acadia Sugar. By the way in which the company has been reducing the arrears of dividends on the preferred stock, it seems to me that this obligation will be cleared up during the current year and I am now wondering whether the company will declare a dividend on the common stock. Did the recent refunding operation have any effect on the stock earnings? Also can you tell me whether or not the government is likely to change duties to the detriment of sugar refining companies?

Acadia Sugar arrears will probably be cleaned up during the current year.

Refunding operations will benefit the common stock, inasmuch as a smaller proportion of earnings will be required to take care of charges on the funded debt. Thus there will be more available both on the preferred and common stock, and once the arrears on the preferred are cleaned up, then the way is open for a dividend on the common.

The government's action in regard to excise duties on sugar is a very important factor in connection with the outlook for Acadia Sugar and the other refining companies. So far there is no indication of a change in policy at Ottawa.

While one cannot be too certain, everything points to the company paving the way for dividends on the common stock, though it is impossible to say at this time when directors will make a declaration.

The Woman Investor

Selling Good Stocks

A WOMAN subscriber to The Financial Post has had an unusually favorable investment experience over the last twenty years.

She lives in a part of the world far removed from Canadian investment markets, but her securities are largely those of Canadian industrial, trust, utility and mining companies. Four of her stocks, including two representing leading Canadian gold mining companies, have returned her original cost, plus 6 per cent interest on the cost.

Yet she believes the time has come to change her investments with a view to even greater safety.

Dependent to some extent on her own secretarial earnings, as well as her dividend income, the woman has passed the age of 50. She must naturally look forward to a period of declining personal earnings, in which she must rely more and more on her investment income.

Her present securities, however, are first grade. They have served her well for twenty years, and their prospects are in the main as favorable as at any time in the past.

* * *

A Life Annuity

ON THE other hand, they are not in the category of first grade bonds, and with her own earning power on the wane, she must either rely on the earning power of a dozen or more stocks, or turn to something even less speculative than the securities she now holds.

The older she becomes, the greater income she can get, for example, from a life annuity. In the meantime she is well advised to turn to bonds of the highest grade, even at the expense of curtailed income return.

Because a security is sound and well suited to the needs of a woman who is also earning her own living is not justification for hold- the same type of security in a period of declining earning power.

Exercising the same foresight, or using the same sound investment advice she received twenty years ago, The Financial Post's enquirer has sensed an important factor, and is preparing to meet changing conditions in her own affairs.

She has carried the element of risk attached to her investments with unusually profitable results. Those investments having served their purpose she can now turn to others which offer her advantages even more suitable for the remaining years of her life.

International Power

Can you tell me the market price on the 6½ per cent debentures of International Power Co.? Also I would like to know something about the position of the company.

International Power's position, especially with regard to earnings, has improved in the past two years, and so directors have placed the preferred stock on an annual $6 dividend basis. The troubles of this company in the past have been due to exchange difficulties and unforeseen developments in connection with some of its properties. Losses by hurricanes and tropical storms have at times been heavy. The principal drawback to earnings until of late, however, has been the cost of converting the revenues of the operating subsidiaries abroad into Canadian dollars. This latter situation has righted itself in the past year. At the same time the properties have not experienced any further setbacks, with the result that the position of the company has improved steadily.

The market on the 6½ per cent debentures is approximately 100.

Government Bond Prices

Does the fact that chartered banks have recently increased their holdings of short-term government securities, while decreasing their holdings of long term bonds, indicate that a recession in government bonds may be expected in the near future?

Banks may be preparing for the day when they may be able to liquidate some short-term securities and use the proceeds for profitable commercial loans. However, it is doubtful whether the changes you mention can be taken to indicate banking opinion on the bond market, although it may reflect profit-taking.

Banks naturally buy more short-term than long-term government bonds. The reason for this is that banks have to hold short-term securities against their deposits, which are short-term liabilities. This is simply good banking business.

Investment Analysis

"Steel" Preferred

Stock Has All the Speculative Features of Common — Relationship in Values

Steel Co. of Canada's preferred stock is one of the unusual investment speculations on the Canadian market at this time. The use of the term "speculation" in connection with a security which for many years has enjoyed high investment rating may not seem appropriate, but examination of the position and rights attached to the preferred shows the stock is not devoid of speculative appeal.

The company's strong position in the Canadian steel industry and its great financial strength are too well known to need elaboration. The capital consists of a relatively small block of bonds; 259,852 shares of 7 per cent cumulative participating preferred stock; and 460,000 shares of no par value common stock. Par value of both issues is $25 a share.

Has Many Privileges

Some of the features of Steel of Canada's preferred stock are:

It has first call on assets after the bonds;

It is non-callable;

It is entitled to prior dividends of $1.75 a share before anything is paid on the common;

No dividends can be paid on the common stock until a reserve of one year's dividend on the preferred stock has been set up;

It has equal voting rights with the common stock; and

It participates equally with the common stock in the distribution of net profits after the common shares have received dividends equal to those paid on the preferred.

Common Has "Arrears"

At present the common shares are entitled to receive "arrears" of $10 a share before regular dividends on either the preferred or common can be increased over the present annual rate of $1.75 a share.

When these "arrears" are liquidated, both classes of stock rank equally in any additional distribution of net earnings; in other words, if the dividend on the common is raised to $2 a share, the same rate must be paid on the preferred.

The only advantage to the common stock at present is the "arrears" of $10 a share. In other particulars the preferred ranks equally with or senior to the claims or privileges of the common stock.

Basis of Values

With the common stock now paying the same dividends as the preferred it is possible to arrive at a basis of relative values between the two stocks.

The "arrears" of $10 a share on the common are not likely to be paid out in one lump sum, nor are they likely to be paid out in the next year or two. Liquidation will, when the directors consider the time opportune, be spread over a number of years. Accordingly the $10 of arrears should be considered as a form of principal carrying no interest and with maturity at indefinite dates. The value of the arrears, therefore, should be discounted to around $8 a share.

Against this is the value of senior rights and privileges attaching to the preferred. These may be worth $3 a share, which would bring the proper spread of market value between the preferred and common shares to $5 a share.

Should Bear Relationship

The current market price of the common shares is $64 and the preferred $56, a spread of $8 a share.

In view of the senior position of the preferred, its position in relation to the distribution of dividends after the "arrears" have been cleaned up, either the market value of the preferred may be too low or the common too high. Put in another way, when the common shares sell at more than $5 a share above the preferred, the latter, appears to have relatively strong attractions.

CANADIAN SECURITIES

Dominion and Provincial Government Bonds
Municipal Bonds
Public Utility
and
Industrial Financing

DOMINION SECURITIES CORPORATION LIMITED
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15 King Street West, Toronto

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
Assets over $14,000,000
3% PAID ON DEPOSITS 3½% ON DEBENTURES
Archibald McPherson, *President.* T. H. Main, *Manager.*

GENERAL TRUST OF CANADA
112 St. James Street
MONTREAL

STATEMENT AS AT DECEMBER 31, 1935

ASSETS

Capital Account:	
Total assets of the company..	$ 1,359,905.34
Estate, trust and agency accounts..........	42,066,103.72
Guaranteed Accounts........	1,315,595.00
	$44,741,604.06

LIABILITIES

Capital Account:	
Sundries..............	$ 19,257.77
Reserve..............	51,724.92
Profit and Loss Account......	183,922.65
Capital Stock..............	1,105,000.00
	1,359,905.34
Estate, trust and agency accounts..............	42,066,103.72
Guaranteed Accounts........	1,315,595.00
	$44,741,604.06

HUMAN NATURE

No man can be expected to give greater attention to other people's business than to his own—the other man's business must be of secondary consideration. Through a Trust Company an Estate receives the thoughtful management which only experience and specialization can ensure.

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61 Yonge St., Toronto
J. F. HOBKIRK, Manager

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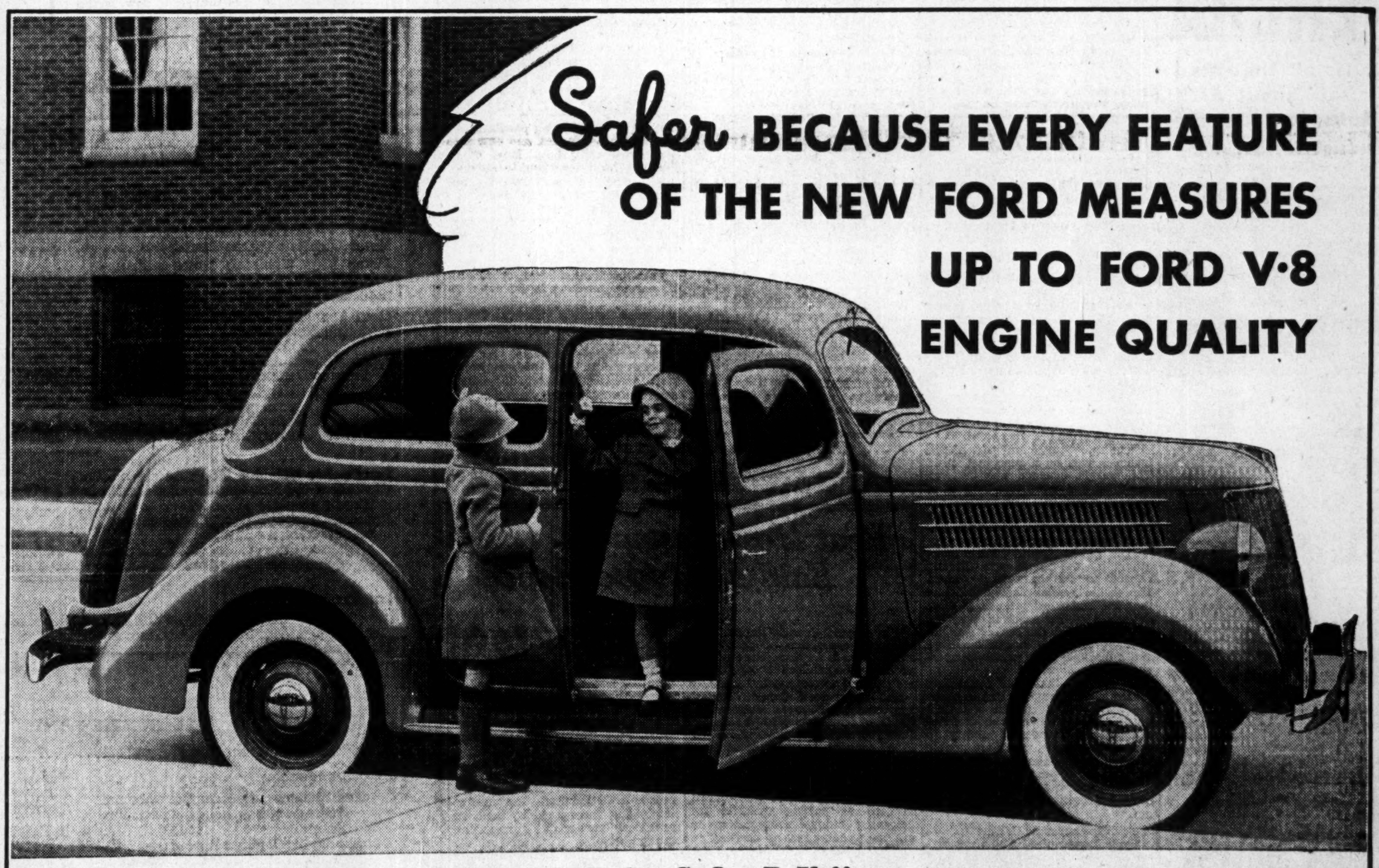
AGENCIES
McCallum Hill & Co., Regina — Butler Byers Bros., Ltd., Saskatoon — F. J. Lorimer & Co., Edmonton
British Canadian Trust Co., Lethbridge — Equitable Agencies, Ltd., Calgary



THE 1936 FORD V-8 TUDOR TOURING SEDAN

"WATCH THE FORDS GO BY"

EVERYBODY knows that "more car for less money" has always meant Ford. It's even more true today because the 1936 Ford V-8 gives more value than any previous Ford. Take safety . . . every part and feature that contributes to the security you feel in the new Ford measures up to the quality standard of its V-8 engine . . . and the Ford is the only car under $2500 with a V-8 engine.

Outstanding Ford safety features are the welded steel body, cold-drawn steel wheels, Safety Glass throughout at no extra cost, and Super-Safety Brakes which have more effective braking area per pound of car weight than any other low-priced car.

Some vital factors of Ford Safety are not immediately apparent to the eye. These are the power and acceleration of the V-8 engine, that whisk you clear of traffic tangles . . . and the new refinements of steering and gear shifting that improve ease of handling. The full torque-tube drive and front and rear radius rods which hold the axles in alignment and hold steering and braking mechanisms in correct operating positions. A rugged frame braced by cross members and by X-type steel channels that run right out to the ends of the frame. No other car gives you all these at Ford's low price. Your Ford dealer invites you to see his new cars . . . to check carefully and critically all the features of V-8 safety, performance, economy, and comfort and style. Take your family for the trial ride that has already convinced over two million motorists that the Ford V-8 is the car that really offers value.

Ford Has All These Quality-car Features —No Other Full-sized Low-priced Car Has Any of Them

1. V-type 8-cylinder engine — gives smooth power with economy.
2. 90 horsepower — provides quick acceleration and brilliant performance.
3. High compression aluminum cylinder heads (as regular equipment) increase horsepower without increasing operating cost.
4. Dual down-draft carburetion insures uniform distribution of fuel mixture to all cylinders — reducing gasoline consumption.
5. Big Super-Safety Mechanical Brakes — most reliable under all operating conditions.
6. Semi-centrifugal clutch — greatly reduces pressure required to depress clutch pedal.
7. Full torque-tube drive, radius rods front and rear — transmit driving and braking forces directly to frame and retain axles in alignment.
8. Three-quarter floating rear axle — axle shafts carry none of car weight — not used in any other car priced under $2000.

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Symphony Orchestra and celebrated guest soloists. 9 o'clock (E. S. T.). • FRED WARING AND HIS PENNSYLVANIANS, 9:30 Tuesday evening (E. S. T.). Columbia System.

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Convenient Terms *Eleven Ford V-8 Body Types*

FORD V-8 FOR 1936

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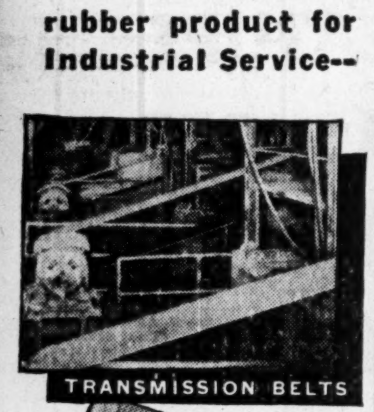
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TORONTO - CANADA

Big Solloway Bucket Held Clients' Millions

Judgment Shows How Brokerage Firm "Sold" Stocks Customers "Bought"

Recent judgment against I. W. C. Solloway of the former Solloway, Mills & Co. shows just how the pre-depression chain brokerage firm put clients' orders "on the cuff."

In The Financial Post of Feb. 8 was told how O. E. Lennox, Assistant Master of the Supreme Court of Ontario, ruled Solloway accountable to the liquidator of Solloway, Mills & Co. for $2.5 millions for various sums improperly withdrawn from the company.

The finding also gives a wealth of detail as to actual transactions by the Solloway firm, and these will be of wide interest.

Briefly, the Solloway firm executed buying orders by selling for itself against the customer, the judgment explains. In effect, purchases were not made by the firm but were entered on its books as if they had been made. Offsetting fictitious purchases, Solloway, Mills & Co. was "short" the stocks it owed to its customers. This is "bucketing."

The judgment quotes from important cases showing what relations of a broker should under law be toward his client and describes clearly the various practices by which the broker tried to satisfy the letter of the law and yet in effect "bucket" his customers' orders at one and the same time.

Balanced Clearing

Balanced clearing is defined as an expeditious way of handling shares in the clearing house. Delivery was made on differences instead of making delivery of all shares sold and receiving all shares purchased during the day.

The "brokers' crosses" system continued until the summer of 1928 on the Standard Stock and Mining Exchange by certain brokers and discontinued when the exchange took objection.

A purchase of stock would be recorded but a corresponding sale would also be made and duly recorded. From the purchaser's point of view his purchase was immediately offset. The balanced clearing relieved the broker from the obligation of accepting delivery of shares.

The broker informed his client that the shares were bought and "carried" for his account and risk. The client in fact had nothing more than the broker's personal liability to make good the transaction when called upon to do so.

Whatever may have been the methods used to obscure the transaction the result under this form of trading is nothing more than a book entry whereby the broker records his personal liability to his customers. It is a form of transaction which, when stripped of disguise, is commonly called a "bucket"—an indirect bucket. That is to distinguish it from other direct methods.

Over The Counter Transactions

"Over the counter" transactions began when brokers' crosses were stopped. The principle and the result are the same. Purchases which were duly made and recorded on the exchange were counteracted by indirect selling orders.

Mr. Lennox states:

"Each of these purchase transactions are accompanied by a corresponding sale by the brokerage house. The amount of the same is entered in the house trading account as a credit. The number of shares involved in the original order is shown as shares short by the house.

"The amount entered as a credit balance to the broker cannot properly be regarded as such even from the most sanguine viewpoint.

"The most substantial part of this business was on a marginal basis. The margin average was between one-third and two-fifths by way of cash or securities. The actual cash result at the time of each of these fictitious transactions was the receipt by the broker of this margin.

"The general trend of the operations by the house was directly related to the customers' orders. The whole system clearly indicates that the customers' securities were delivered against short sales by the broker and that the broker was dependent upon the margin received and deposited to its credit to operate on the scale it did.

"I suggest that the immediate source of Solloway Co. finances was the moneys put up for marginal purposes. If this is not the explanation of the company's ability to operate on such a scale I am unable to offer an explanation. An examination of its financial position at least eliminates every normal source of legitimate capital or revenue."

Instances of Selling

Typical examples of how customers' buying orders for stocks were handled by Solloway, Mills & Co. are summarized from Mr. Lennox's judgment as follows:

Abana—Bought for customers 6,600 shares: regularly cleared 1,000; crosses, 4,900; filled by House, 600 shares.

Sold by House 6,600 shares through clearing house, 4,900 shares by crosses and 700 shares by buying orders.

Net short position of the house, 4,790 shares for the day. Total short position on May 31, 1928, was 49,435 shares.

Amity—On May 25, 1928, 6,400 shares purchased, offset by cross transactions.

Bidgood—All purchases amounting to 2,300 shares were crossed, bringing the House liability to $384,505 on May 25.

Home Oil—All the buy orders of 1,600 shares were bucketed on May 25.

Pend Oreille—On Feb. 13, 1929, short position was $729,854.

Kootenay Florence—On May 25, 1928, 3,050 buying orders: 2,050 crossed; 1,000 bucketed. The House sold on its own 5,000 shares through clearing, thus increasing its short position 8,050 shares.

Newbec—On May 25, 1928, 600 buying orders were crossed and short position increased to $251,107.

Noranda—On Feb. 13, 1929, short position was $3.4 millions. On this date 2,200 shares were sold against buying customers.

Amulet—House sold 3,000 shares over the counter, filled 500 shares and increased short position to $1.3 millions.

Bidgood—100 out of 200 buying orders on this day were bucketed. The short position was increased to $218,387.

Amulet—On Sept. 28, 1929, total customers' purchases were 5,812 shares. The House sold 7,000 shares over the counter. Net short position for the day was 9,235 shares, bringing the total short position to $920,064.

At Jan. 31, 1929, the statement showed the liability on stocks at $15.6 millions.

In four days' records examined, the short position of Solloway, Mills & Co. against its clients varied from 40 to 100 per cent in Noranda; 60 to 100 per cent in Lake Shore; 75 to 80 per cent in Amulet; 60 to 80 per cent in Bidgood; 80 to 90 per cent in Sherritt-Gordon; from 45 to 100 per cent in International Nickel. The amount involved in four of these stocks was over $1 million each.

Broker Must Hold Shares

The assistant master quotes from a case of Sutherland vs. Cox (1887) wherein the judgment says:

"The contract by a broker to purchase stock for a customer is not satisfied by the broker holding himself liable to account for the market value of the stock when the customer calls upon him to do so or then purchasing the stock to comply with the demand. If any such custom exists among brokers—of which there was no evidence—it would not be binding upon the customer unless he knew of it and specially submitted to its conditions."

Judge Davies in the case of Conmee vs. The Securities Holding Co. (1907) is cited:

"The broker must at all times have on hand stock sufficient in quantity to deliver to his client upon the payment by the latter of the amount due by him upon the stock.

"The purchaser does not rely upon nor does his right depend upon an engagement with the broker to procure and furnish the shares required, but upon the latter's duty and obligation to purchase and hold for the customer the number of shares ordered by the latter subject only to the payment of the purchase price or such part of it as may be unpaid."

The judgment of Mr. Lennox comments:

"These cases decide that a broker is required to purchase and carry the shares for the customer's account and that the customer is not called upon to speculate on the broker's ability to acquire the shares at a later date."

Cannot Deliver Own Stock

J. A. Riddell, in Johnson vs. Bukett (1910), held that "the joint stock broker or other agent employed to buy stock for another cannot be allowed to transfer stock of his own as a fulfillment of his mandate. The agent may indeed sell to his principal property of his own if it be proved no advantage was taken by the agent of his position and that the transaction was entered into in perfectly good faith and after full disclosure. But the onus of proving this lies upon the agent."

The assistant master came to his judgment regarding Mr. Solloway on the basis of these principles thus enunciated. In the Solloway case he found the result "somewhat obscured by the somewhat intricate manoeuvres by the broker."

"Our brokerage customs and usages are largely patterned on the customs prevailing in the United States as is to be expected because of the large interchange of business between the two countries," said the assistant master. He quoted United States opinions and judgments to show that there also judges regard a stock or commodity broker as having a fiduciary relationship to his principal in dealing with his money or property.

Part of the judgment deals with the question of commissions and interest charged. Commissions should obviously not be charged if orders are not executed. Interest should not be charged on imaginary debit balances. Meyers, a United States authority, says a broker is entitled to a commission on the execution of an order only if he executes the order properly.

"A very substantial part of the operations under consideration were nothing more than pretence. One of the statements, and one only, shows the value of the stock on hand as per the statement of Dec. 31, 1928 at more than $2.3 millions. If the orders had been regularly executed the value of the stock carried would have been in the neighborhood of $13 millions," says the judgment in the Solloway case.

Operated on Deficit

On Jan. 31, 1928 a statement shows that the free capital of Solloway & Mills when the partnership was taken over by the limited company was slightly more than $6,000.

On Jan. 31, 1929, when operations of the company were well under way, the capital was $250,075 in which sum was included an item for goodwill of $211,511, leaving a capital investment of $38,564 to which should be added accrued surplus of $178,490, making the available capital $217,054. A total sum of $559,908 is invested in furniture and equipment, real estate and buildings, stock exchange membership and for fixed assets necessary for the running of the business. There is therefore a working capital deficit of $342,854.

Messrs. Yorath, Saunders and Hurst, chartered accountants, all agreed, says the judgment, that the free capital required by a broker is at least five per cent of his customers' debit balances. That is, he should have five per cent of the amount he is called on to finance in order to carry shares for the various accounts. On this basis the Solloway firm should have had $800,000. The concern fell short of this requirement by $1.3 millions.

On Jan. 31, 1930, an operating loss of nearly $1.5 millions is shown, including very considerable revenue collected from interest charged on clients' debit balances. The rights to that interest were very seriously challenged in this judgment.

Made Vice-President

W. D. MOFFATT

Who has been elected vice-president of McConnell, Baxter & Eastman Ltd. and appointed manager of the company's Montreal office. Mr. Moffatt has been associated with the company for over fourteen years and has recently returned from London, England, where he was in charge of the London, England, office.

Lumber Output Up 35 Per Cent

A gain of almost 40 per cent in total production of soft wood and an increase of 12 per cent in hard wood production during 1935 was reported for Ontario, Quebec, New Brunswick and Nova Scotia in figures prepared for a recent annual meeting of the Canadian Lumbermen's Association.

Total production of all species in these four provinces is estimated to have been 35 per cent higher than the same figures a year ago. These figures indicate the best year, on a production basis, since 1931.

Other figures prepared by the Association indicate that approximate stocks in the hands of producers in the four provinces as at the end of November last totalled but 220,000 M board feet, of which 70,000 M board feet, while still in producers' yards, was actually sold. Of the remainder, 138,000 M board feet was unsold soft wood, and 12,000 M board feet unsold hard wood.

Peat Moss Resources Said Easily Developed

By A. ANREP*

Why should Canada import considerable quantities of peat moss when there is an abundance of this material lying fallow in bogs of the eastern and western provinces?

Not only does Canada import approximately 350 tons of this material in various forms, but the United States also uses between 40,000 and 75,000 tons of European peat moss annually.

Uses

Peat moss in its different forms is used as potting material for flowering bulbs, incorporation in soil in greenhouses, as bedding in stables and poultry houses, for insulation, packing and other purposes.

If a cheap and abundant supply could be produced in this country undoubtedly its sale and use would be very greatly extended.

At present there are a few small peat moss factories in operation in Quebec, Alberta and British Columbia. Owing to lack of capital, machinery in these plants is, in most cases, inadequate and the capacity comparatively small. However they find a ready market for all their products.

Importations by Canada in recent years are as follows:

Peat Moss Importations by Canada

From:	1934 (cwts.)	1933 (cwts.)	1932 (cwts.)
Belgium	....	....	298
Germany	1,497	4,387	5,985
Netherlands	100	900	1,785
Sweden	1,974	....	....
United States	2,696	603	34*
Total imports	6,267	5,900	8,108**

*It is believed there are considerable other imports of peat moss under trade names. **Including minor imports from other countries not specified.

Abundance of Bogs

Canada possesses enormous areas of peat moss bogs mostly in the eastern provinces, Quebec, Alberta and extensive ones in British Columbia. While development of these are commercially feasible in most cases, and there undoubtedly is a considerable market for the product both in Canada and the United States, the beginner is seriously advised against attempting development and the erection of a plant without obtaining expert advice.

In Sweden, Germany, Austria and the Netherlands there are numerous peat moss bogs. In addition to supplying domestic requirements these export to Canada, United States, Australia and oriental countries. The peat moss industry of those countries runs into many millions of dollars and provides work for thousands of people.

Natural Drying

As the product is bulky and low in value, artificial drying of the moss is not attempted. The moss is simply dug and spread by hand or machines, preferably during the autumn months, then left on the fields during the winter to freeze and dry. For large production the cutting and drying goes on as long as the ground is free from snow. When the rainfall is heavy the moss may be placed in a cheap roofed rack, constructed from small local tree poles. This natural drying reduces the moisture content to about 20 to 25 per cent. Originally it contains as high as 85 per cent.

Manufacture

After drying, it is transported, usually on a small portable railway to the factory which is erected on a favorable strip of firm land adjacent to the bog. Here the moss is dumped into a tearing machine. The torn material is carried by an elevator to a sieve which leads to a press. The finer particles sieved out become pressed peat moss, and the coarser material is pressed into peat litter. Sometimes the separation is not made. It depends on the market to which the operator is catering. The peat moss is put into bales about 40 inches long with an average weight of 150 to 165 pounds. Overseas shipments in bale form are covered with burlap but that may not be necessary for a domestic market.

*After much experimental work with peat in Sweden and later near Moscow and in Great Britain, Mr. Anrep came to Canada and took charge of similar work for the Dominion Government at Alfred, Ontario. He was in charge of this investigation until 1932.

Municipal Finances

Winnipeg reduced its gross funded debt in 1935 from $66,352,702 to $64,882,504, a reduction of $1,470,198. Sinking fund investments of $32,002,844, reduce net debt to $32,879,659, a decrease of $2,620,293. This excludes relief expenditure of $5.6 millions to be funded. Exclusive of investment in public utilities, which are self-supporting, Winnipeg has a net funded debt of $11,179,805. Of sinking fund, $11.1 millions is in Winnipeg debentures and $3.3 millions in debentures of Greater Winnipeg District.

* * *

Brandon, Man., may be placed under a fiscal supervisor appointed by the provincial government. Hon. E. A. McPherson, K.C., municipal commissioner, has advised the city council to exhaust every possible means of putting the city's financial affairs in order. Advising against the city going into receivership through default, he has outlined terms by which the city might be placed under a fiscal supervisor. Interest payments due March 1 will be met.

* * *

London, Ont., has authorized the the issuance of $486,581 of 10-year, three per cent debentures to cover cost of relief works in 1934 and 1935.

* * *

Toronto is budgetting for a drop of almost $1 million in unemployment relief costs in 1936. Relief cost to be funded is $300,000 lower than in 1935. In January, a reduction was shown in both the cost of relief and the number of relief recipients. Gross costs fell from $1,004,621 in January, 1935, to $960,180 in January, 1936. The number of individuals on relief dropped from 112,475 to 97,676.

* * *

Edmonton 1936 budget shows estimated expenditures of $4,677,796, after allowing for postponement of certain sinking fund obligations and capitalizing $250,000 of the $414,964 relief bill. A tax rate of 60 mills will be necessary to meet the budget unless the city budgets for a deficit.

* * *

Chicoutimi, P.Q., is paying interest on its bonds to March 1, 1934.

* * *

Regina is seeking authority from the provincial government to consolidate its relief debenture debt into a new debenture issue. Authority has also been asked to withhold any principal payment for the first five years of the new debentures. Relief debentures total $1,040,000.

* * *

Hamilton, Ont., has set the 1936 tax rate ot 39¼ mills, a reduction of one-quarter mill from the 1935 rate.

* * *

Ottawa tax assessment made for 1936 is $157,229,196, an increase of $749,142 over that for 1935. The total, however, includes income assessment of $6,394,123 which must be eliminated since the municipal income tax has been abolished. Ottawa will be compensated for the loss of revenue, which is estimated at $235,000.

Third C. G. I. Trust Pays 8c Dividend

Third Canadian General Investment Trust has declared a dividend of eight cents a share on the common stock, payable March 16 to shareholders of record Feb. 29. The last previous dividend was 7½ cents a share, paid Feb. 15, 1935.

Higher Shoe Prices Forecast for 1936

"The public must pay higher prices for shoes," stated Wilfrid Gagnon, president of the Shoe Manufacturing Association of Canada at the association's annual meeting at Toronto recently. "Wholesale and retail prices of shoes have not as yet been adjusted to the increased costs of production and retailers and the public must pay higher prices. Higher prices for shoes are inevitable and even the unrestrained competition among manufacturers cannot delay the advance much longer."

Mr. Gagnon also warned that "the condition of a large proportion of boot and shoe retailers is unhealthy and unsound. This constitutes a problem for the manufacturers of boots and shoes as well as for retailers themselves."

He urged also that the government "provide effective and adequate safeguards in connection with the proposed $100 tourist privilege."

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COMMERCIAL CREDIT COMPANY

BALTIMORE

Consolidated Financial Statement As of December 31, 1935

ASSETS

Cash				$ 18,282,278.91
Motor Lien Retail Time Sales Notes			$77,068,360.03	
Motor Lien Wholesale Notes and Acceptances			30,365,061.91	
Industrial Lien Retail Time Sales Notes			16,662,274.48	
Open Accounts, Notes and Rediscounts			7,002,924.29	
Factoring Receivables			15,188,442.81	146,287,063.52
Assets (Credit Alliance Corp.) Acquired Prior to December 31, 1929			1,400,355.09	
Less: Margin due Customers only when receivables are collected $95,185.71 and Reserves for Losses $579,838.10			675,023.81	725,331.28
Sundry Accounts and Notes Receivable				527,629.19
Customers' Liability on Foreign Drafts and Letters of Credit (contra)				78,597.53
Repossessions in Company's possession at depreciated values:				
Motor Cars			$ 31,952.11	
Other than Motor Cars			3,111.01	35,063.12
Investments:				
Sundry Marketable Securities, at or under market				132,600.18
Deferred Charges: Interest and Discount Prepaid, etc.				491,057.28
Furniture and Fixtures				5.00
				$166,559,626.01

LIABILITIES

Unsecured Short Term Notes				$ 94,653,288.01
Accounts Payable:				
Credit balances of Manufacturers and Selling Agents, held by Factoring Subsidiaries			$ 4,907,592.20	
Sundry, including all accruals, Federal and other taxes			4,693,486.95	9,601,079.15
Contingent Liability on Foreign Drafts and Letters of Credit (contra)				78,597.53
Contingent Reserves:				
Margin due Customers only when Receivables are collected			2,800,252.07	
Dealers' participating Loss Reserves			3,479,596.07	6,279,848.14
Reserves for:				
Possible Losses and Contingencies			$ 2,594,628.46	
Deferred Income and Charges (Unearned)			5,972,569.86	8,567,198.32
Capital Stock and Surplus:				
Minority Interest (Common Stock and Surplus—Subsidiaries)		$ 74,228.34		
Preferred Stock, Convertible, $100 Par Value (250,000 shares authorized, 193,718 shares at 5½% outstanding including 225 shares of fractional script)		19,371,800.00		
Common Stock, $10 Par Value (2,000,000 shares authorized, 1,166,932 shares outstanding including 456 shares of fractional script)		$11,669,320.00		
Capital Surplus	$ 4,530,165.87			
Earned Surplus	11,734,100.65	16,264,266.52	47,379,614.86	
				$166,559,626.01

Summary of Consolidated Operations

	Year Ended December 31, 1935
Gross Receivables Purchased	$525,999,303.11
Average Stockholders' Investment (Capital and Surplus)	44,433,980.94
Gross Earnings	$ 17,339,592.90
Sundry Income	78,175.33
Discount on Notes and Debentures Retired	Cr. 59,939.42
Gross Income	$ 17,477,707.65
Operating Expenses (excluding interest and discount)	7,339,776.31
Reserves for Losses in Excess of Net Losses	353,817.02
Net Income before Interest and Discount	$ 10,491,748.36
Interest and Discount Charges	1,353,550.90
Reserve for Federal Income Taxes	1,338,064.36
Net Income credited to Surplus	$ 7,800,133.10
Consolidated Interest and Discount Charges—Times earned	7.75
Net Income per share on average Common Stock outstanding, upon which dividends were paid during period	$6.03
Net Income per share on Common Stock outstanding, end of period	5.60

Analysis of Consolidated Earned Surplus

Net Income from Operations		$ 7,800,133.10
Excess Reserves on Closed Bank accounts returned to Earned Surplus		87,391.75
Total		$ 7,887,524.85
Less:		
Net Income for Minority Interests, undistributed	$	2,117.75
Dividends on Stocks with priority over the Common Stock		1,260,843.36
Dividends on Common Stock		2,459,359.51
Furniture and Fixtures written off		84,275.14
Total		$ 3,806,595.76
Net Surplus Credit for period		$ 4,080,929.09
Earned Surplus Balance, beginning of period		7,653,171.56
Earned Surplus Balance, close of period		$ 11,734,100.65

THE FINANCIAL POST

SECOND SECTION

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Rayon Probe May Become Wide Affair

Can be Broadened to Include Whole Textile Industry

McRUER GIVES HINT

From Our Own Correspondent

OTTAWA. — The Turgeon Royal Commission to enquire into the textile industry, with particular attention to the rayon section, held its organization meeting last week and will commence public hearings early in March.

The formal nature of the opening proceedings failed to give an inkling of the supreme importance which the government attaches to this enquiry. It is learned, officially, that the government attaches the "highest" significance to this probe and will follow the evidence given and the final report of the commissioner with the deepest interest.

Government Sees Club

Apparently the ministry continues to smart under the feeling that rayon manufacturers have been guilty of an act of terrorism in shutting down their plants through fear of competition with Japan under the new tariff extended to that country on Jan. 1. It will require very compelling proof from these manufacturers to free them from this charge and, unless freed, the government undoubtedly will take such action as will effectively deter any other protected industry from attempting direct action of this kind.

Any belief that the enquiry would be restricted to the actual effect of Japanese competition in rayon under the recent settlement disappeared when J. C. McRuer, chief counsel for the commission, read a statement outlining the course to be followed.

Mr. McRuer proposes to focus the Commission X-ray on the capital structure of the rayon industry, dividends, salaries, bonuses, wages, working conditions and so forth. And the basic consideration of the enquiry, he said, must be the interest of the consuming public.

Powers Are Broad

The enquiry, specifically, is not restricted to rayon but can be widened to include all "allied" industry, which means that the entire textile industry may become involved. Nor is there any limitation as to the period to be covered. The operations of the industry under the existing and previous tariffs are to be studied.

It would appear that the enquiry has been conceived in no spirit of friendliness to the industry and that an investigation not dissimilar to the one carried on last year by the Price Spreads Commission may be the result.

EXCHANGE BLOCKS EARLY RESUMPTION BRAZIL. DIVIDENDS

Business Improving But Export Value Still Insufficient

Business is brisk in Brazil.

To Canadian holders of Brazilian Traction common or Brazilian government bonds, however, this does not mean much yet. Exports are still not large enough in value to provide sufficient exchange to meet governmental and import needs.

Exchange fluctuated widely in 1935 and was generally weak. Until there is some stabilization in this connection, and this in turn depends on a big export trade, there would seem little expectation of permanent dividends to holders outside Brazil.

Just how exchange figures so largely in the picture is explained in a recent report issued by the Royal Bank of Canada.

System is Changed

"The system of exchange control and distribution was changed early in 1935 this report states. A decree was issued requiring exporters to sell their bills of exchange in the free market before securing permission to export and to pay 35 per cent of their receipts to the Bank of Brazil at the official rate. These funds are used to pay foreign obligations of the Federal government and the bank.

"Importers must purchase all their exchange requirements in the open market and all such purchases must be authorized by the Exchange Control Board. In April, exporters of some 200 minor items, including hides, sugar and vegetable oils, were freed from the necessity of selling 35 per cent of their exchange to the Bank of Brazil. Payments for imports, however, have continued to be a first lien on all available exchange."

Attacking Frozen Credits

The Royal Bank then gives details of the clearing agreements concluded during the year. The agreement with Great Britain signed March 27, and recently approved by the Brazilian Congress, followed lines similar to the Rothschild agreement of 1933. Small frozen credits are to be paid in cash and the larger ones in 4 per cent stock. It is estimated that the total amount of sterling credits is £6,000,000.

Congress has also approved an agreement by the United States providing for the release of not more than $30 millions on terms similar to those accorded Great Britain. Arrangements with other countries provided for the release of frozen credits through shipments of Brazilian products. Norway and Denmark agreed to accept increased amounts of coffee and Italy made arrangements to import a total of 33,500 tons of frozen meat.

Wheels Are Turning

Brazil's internal trade and industry were well maintained during 1935. Unemployment was negligible and there were relatively few business failures.

Manufacturing industries are reported as operating at high levels in 1935. More goods were bought from national industries but total imports showed a substantial gain. With world coffee consumption in 1935 showing a gain, volume of shipments were up but prices and value of exports were not favorable. Brazil retained its share of the principal market in the world—the United States.

Destruction of coffee from June 1931 to December 1935 was 35.67 million, with 4 million bags from the 1934-35 crop to be also destroyed.

Cotton shipments now rank second as exports totalling 117,800 metric tons for ten months of 1935 against 92,412 tons the same period in 1934.

Canada—and the Next Five Years

Prominent Canadian Business and Professional Leaders Outline Main National Issues and Offer Solutions

MOUNTING public debt casts an ominous shadow over Canada's future, in the opinion of industrial and professional leaders throughout the Dominion.

First checking this development and then taking steps to liquidate it to reasonable proportions are cited as steps of paramount importance toward national progress in the next five years.

Solution for Canada's unemployment, railway, export markets and constitutional problems must also be mastered according to The Financial Post's special survey, of which this is the second article.

* * *

Leading citizens have been asked to express their personal views on the following questions:

1. What are Canada's five chief problems?
2. How, in each case, should these problems be tackled?
3. What other considerations do you think essential in clearing away major barriers to recovery in Canada during the next five years?

Contributors this week are:

* * *

Leighton McCarthy, K.C., has for years made the presidency of Canada Life Assurance Co. a full-time job. In addition he brings counsel and wisdom to the directorates of National Trust, Bank of Nova Scotia, Central Canada Loan, Toronto Savings & Loan, Maple Leaf Gardens. He is also closely associated as vice-president and director, in the affairs of Aluminum Co. of Canada and affiliated companies.

* * *

Gray Miller is an industrial leader little known outside his own field. For years he has stuck close to his knitting as president of the seventy million dollar Imperial Tobacco Co. of Canada. He apologizes for tackling but one of Canada's major problems, preferring to confine his remarks to agriculture in relation to business and industry generally.

* * *

Robert Charles Wallace came to the presidency of University of Alberta in 1928 with an international background in the study of geology and mineralogy. Born in Orkney, Scotland, he came to Canada in 1910 as lecturer at the University of Manitoba. Prior to his Alberta appointment he was Commissioner of Mines in Manitoba. In 1924 he was president of the Canadian Institute of Mining and Metallurgy.

* * *

A. N. McLean, president of Connors Bros. Ltd., Black's Harbour, N.B., fish canners and packers exporting to almost every part of the world, is in addition a well-known spokesman for the Maritime Provinces. In recent years he has ventured into monetary philosophy and rejects much of the orthodox doctrine.

* * *

The views of other Canadians will be published in subsequent issues of The Financial Post.

Learn to Live Within Income

By LEIGHTON McCARTHY

It seems to me that there is fundamentally only one basic problem facing the Dominion, and that is—Debt.

Statistics are not required to establish this, for our Debt must be ever present to every citizen's mind. The fact is that our debts have been steadily mounting, and the problem which must be faced is, how are we to pay them?

LEIGHTON McCARTHY

I visualize the next five years in Canada centering almost entirely around that one problem, although there are of course many angles to it, as for example the railway problem, the problem of trade or markets, the problem of employment.

Raps Paternalism

We in Canada appear to be better able to manage our private affairs than our public ones. The process of reduction or payment of our private debts has been steadily going on, with the result that Canadians have largely cleaned house. On the other hand, public debt has been steadily increasing. Is it not reasonable to advance the thought that people have been led to rely too much on Government assistance and activities? The Canadian people are resourceful, efficient, law-abiding and patient, and can be depended upon to rise to all occasions of emergency.

Is it not true that the ability of Canada to solve its unemployment and trade problems lies primarily in its ability to solve the riddle of public finance and public debt?

Substantial Burden

A public indebtedness of between seven and eight billions of dollars distributed among ten or twelve million people is a very substantial burden. For our common good its growth must be arrested. Not only that, but we must get back to first principles.

By first principles I mean the common honesty of paying our debts, and paying them in accordance with our ability to pay. This is the only road along which any individual corporation or nation can travel with any degree of self respect, but it does not bar or outlaw discussions between creditors and debtors of ways and means of payment. That is still a legitimate way out of the dilemma which must not be overlooked.

Remove Control

Has not the law of supply and demand been stifled too much? If it is allowed to operate freely, weaknesses in business and industry are more likely to be removed and health and activity restored. Our wheat and newsprint situations appear to be examples which make one sometimes wonder whether we have retarded rather than facilitated recovery by preventing by many means the free play of the natural forces which would have effected the necessary cures as they did in past crises.

Whether our National problems can be reduced to five most important ones I do not care to say. The answer to all, however, seems to be: Learn to live within our income. Great Britain appears to have succeeded despite its heavy debt.

* * *

Use Production To Pay Off Debts

By A. N. McLEAN

Of the five chief problems facing Canada, possibly debt, unemployment, distribution of our productive wealth, the problem of keeping up our foreign trade and increasing it, and the taxation problem, are most important. Some of these are interrelated and in solving one we solve another. Space will permit only discussion on the first two.

Debt

It must now be plain to us all that we cannot borrow, tax or legislate our way out of a depression. The only way out is to dig our way out. Other schemes do not put one new dollar into circulation or make a new blade of grass grow; they simply add to our already burdensome overhead.

I believe there is one word that is really at the bottom of world economic troubles far more than any other. That word is "DEBT." We are facing a similar situation in this country.

Even a high school boy would know we cannot go on with the pernicious and patchwork kind of finance that has been the accepted practice the last few years. The debts are our problem right here and now, not the problem of those who come after us.

Have Wherewithal

Production gives us our wherewithal to pay. That is, what we dig from the land, sea and forest, nothing else, and the production of today is ours, or the property of this generation; the production of the future is not necessarily ours at all, but what are we doing continually?

We are issuing deferred interest bearing claims (bonds) on a future production to pay for relief, to cover up deficits and unbalanced budgets. In other words, we are passing along a form of economic bondage to our children, for there are no assets being passed along on the other side of the ledger. How can we call this kind of financing honest?

If we do not want repudiation, and I am sure we do not if it can be helped, we should not sow the seeds of repudiation. An honest man will pay for value received, but are we not acting in a dishonest manner in putting the name of our children on the dotted line to pay claims in years to come for which we have not passed them along any value whatever?

Rate of Interest

There is nothing scientific about the rate of interest on our public debt: simply a slip shod, hit or miss system. Have any actuaries ever tried to work out a scientific system? I think not. Is it any wonder our debts cause us so much trouble when we have condoned such a free and easy system, run like the rule of thumb? I take it that a Government bond is not a mortgage on any particular industry, but a blanket mortgage on all industry. Then it is easily seen that the interest rate on Government loans should bear a close relation to the earnings of a cross section of industry, or, in other words, our interest rates on public loans must be kept within our production rate. What private business can afford to pay for money is beside the point.

Our primary producers produce the wealth and ultimately pay the bills. Then let us examine what is the average return those who dig the wealth from the land and sea get on their investment. The most reliable authorities state today that it is less than 2 per cent, and even in our boom times it did not average above 4 per cent. In these circumstances would any sane person, if they gave it serious thought, condone a debt system that mortgaged industry to pay 4, 5 and 6 per cent when the annual average return of industry itself was far less.

Pay With Production

For years we have been steadily pyramiding our debt. We have been reborrowing by millions to pay the interest on old loans, refunding other loans, when the asset, if any, when originally issued, has passed out of the picture.

Science and invention is making marvellous progress the last few years. It has increased our powers of production thirty-fold since the turn of the century; we have passed from scarcity into abundance until it has overwhelmed us. In other words, our power to pay off the claims is increasing greatly from year to year, if we will get down to work and use the great resources the Creator has given us to pay our bills.

Some will argue that the international situation affects us. Possibly it does to some extent, but there is no reason why we should not put our own house in order.

Unemployment

As I understand it, our duty as citizens here in Canada is to develop the natural resources of this country and make Canada a better place to live in. Labor applied to the land, the sea, and the forest, puts wealth in circulation, gives us our standard of living, and increases our wealth through fixed properties.

No one will deny but that this great work needs to be carried on continually if we are to do our duty by our country, and any economic system that stands in the way of this great development should undergo an impartial investigation with a view of improvement. As matters stand now, a large portion of our labor is walking the streets, machines are idle, the power is going over the dam, and the development of our country is suffering accordingly.

No one will deny that Canada needs better homes (the slums of our cities testify to this), and greater development all along the line. Well, these are the very things that labor, with the help of machinery and power, can give us in abundance.

Shark Tooth Money

Then why do we stand still? Are we really satisfied with the answer "No money, no credit." If we are, then we might be compared to a certain people of old who used sharks' teeth for money or a medium of exchange. In their case, no matter how bountiful their harvests, their trade came to a standstill and ruin followed when occasionally there was a stormy season along the coast when no sharks could be caught. They had made their medium of exchange their master without realizing it. Surely in these enlightened times we are not going to treat and condone money as a master instead of a utility and servant.

* * *

Amalgamate Rails Unshackle Business

By ROBT. C. WALLACE

I would list the five major problems in Canada as follows:

1. The railway problem. It is necessary to proceed towards the fullest degree of co-ordination leading eventually to amalgamation, preferably under state management or alternatively under private management, controlled by a strong board of railway commissioners.

R. C. WALLACE

2. The control of our constitutional machinery. It is necessary to arrive at a plan of action whereby changes in the British North America Act may be made by the Canadian people by unanimity of the provinces and the Dominion in matters of religion and language and in general by the majority vote of the provincial houses and the Dominion in other matters. This does not preclude differentiation of methods in the detail.

Free Business

3. The freeing of business from state control to the greatest extent consistent with rigid control over minimum wage and refinancing and reorganizing of companies. If such control cannot be achieved, the alternative is in my judgment state capitalism.

Co-ordinate Interests

4. Admission on the part of the country at large that the interests of east and west have to be coordinated. High tariff policies in the manufacturing areas with the additional policy of exporting manufactured goods without limit to other countries will eventually make the position of western Canada, which is a primary producer, quite impossible. It has to be realized outside of political issues that protection of Canadian industries must be maintained at the lowest possible figure for the sake of western Canada which is unprotected in the sale of its products.

Immigration

5. The time has arrived when the fullest consideration be given to a wise policy of immigration in the interests of Canada as a whole. That policy should be co-ordinated by the Dominion Government in the best interests of the transportation companies, agriculture and labor throughout Canada.

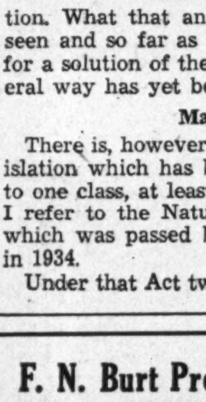
Interest Rates

These are the factors which I consider should be placed first. I feel as well that continuous thought should be given to the question of debt charges and the lowering of rates of interest to the lowest figure consistent with voluntary action on the part of the bond holders. In doing so it must be realized that rates of interest in industrial undertakings will probably rise fairly quickly and that there is a lower limit to government and municipal bond interest consistent with obtaining the necessary funds for that purpose when industrials begin to appear attractive.

Farm Problems Industry's Also

By GRAY MILLER

One of Canada's chief problems, in my opinion, is to find an answer to the question "How can the farmer be assured of operating his business at a reasonable profit?"



GRAY MILLER

Owing to the fact that a large part of the population of the Dominion is engaged in agriculture, it goes without say that if the farmer is not prosperous, every class of business and industry throughout the country will be adversely affected. The problem, therefore, is one in which all industry is vitally concerned.

Industry must realize that the farmer's problems are its problems and seek, by all means in its power, a satisfactory answer to this question. What that answer may be remains to be seen and so far as I am aware no feasible plan for a solution of the farmer's problems in a general way has yet been put forward.

Marketing Act

There is, however, one notable example of legislation which has been of very definite benefit to one class, at least, of the farming community. I refer to the Natural Products Marketing Act which was passed by the Dominion Parliament in 1934.

Under that Act two local boards have been set up by the tobacco growers of Ontario—one for marketing flue-cured tobacco—the other for marketing Burley tobacco. In a general way these local boards are merely agencies which decide the acreage to be grown with tobacco each year and determine minimum prices for various grades of tobacco. The Boards, through power to grant licenses to growers and buyers, can effectively control the situation and for the past two years the operations of the Boards have produced satisfactory results not only to the growers but also to the buyers.

Might Be Extended

The tobacco crop is, of course, grown in a restricted area of Ontario by comparatively few farmers and purchased by comparatively few buyers and consequently lends itself more readily to control by Marketing Boards than do many other agricultural products. There would, however, seem to be no good reason why the present Marketing Act could not be applied with advantage to many other farm products. If Local Boards were set up throughout the country to deal with the principal farm products and if their operations met with anything like the degree of success that has been attained by the local tobacco Boards the farmer's problem would be well on the way to solution.

Must Co-operate

It is, however, essential to the success of any such system of marketing that the buyers cooperate with the farmers. Without this co-operation the tobacco scheme could not have been satisfactorily administered. Until buyers of natural products appreciate that it is also to their advantage that the farmer should be able to market his goods in an orderly fashion and at a price yielding him a reasonable profit, no substantial progress can be made towards finding a solution to this important question.

U.S. Investors Buy in Canada Britain Sells

U. S. Money Attracted to Canadian Bonds in 1935

FAVORABLE BALANCE

British investors were sellers of Canadian securities in 1935 and U.S. investors were buyers.

This is a reversal of the trend in the previous year when Great Britain was buying Canadian securities and the United States selling.

Sales and purchases of securities between Canada and other countries both declined in 1935, but the net favorable balance of sales was $42 millions higher. With sales amounting to $301 millions and purchases to $250 millions, the net result of security transactions between Canada and other countries in 1935 was that a net amount of $51 millions was invested in Canadian securities from abroad. This compares with a net amount of $8.9 millions in 1934 and $51 millions in 1933.

Investment of cash from foreign sources in Canadian securities in the years1933 to 1935 inclusive, as compiled from Dominion Bureau of Statistics records, has been as follows:

Investing in Canadian Securities

	Purchases by outsiders	Sales by outsiders	Net purchases
	$	$	$
1933	288,749,751	237,727,589	51,022,162
1934	321,171,488	312,257,155	8,914,333
1935	301,829,902	250,763,686	51,066,216

British Purchases

Reflecting the decline of Canada's credit in Great Britain as a result of the McGeer, Aberhart and Hepburn policies, purchases of Canadian securities by British investors fell off sharply in 1935 to $30.9 millions.

In 1934, British purchases amounted to $102 millions.

Sales of securities by Great Britain to Canada increased from $23 millions in 1934 to $44 millions in 1935. In 1935, there was a net balance of sales by Great Britain of $13 millions as against a balance of purchases of $79 millions in 1934.

In addition to the default scares in connection with Vancouver's finances and the Ontario Hydro, the decline in the pound sterling as against the Canadian dollar was a factor in the lessened demand from British sources. During the first half of 1934, when substantial purchases of Canadian securities were being made for British account, sterling at Montreal was quoted at over $5. This made Canadian securities particularly attractive since a substantial premium existed. By the end of 1934 the British pound had declined and the premium been wiped out.

Although Great Britain became a seller of Canadian securities in 1935 there was no large scale liquidation. The bulk of the large purchases of Canadian securities made in 1933 and 1934 are being retained.

U.S. Money Flows In

While British money veered away from Canada, American money flowed in to take its place. Not only has the exchange situation been more favorable to American investment in Canada, but the internal situation in United States has been such that investors in that country have sought outside sources of investment.

Despite shaken confidence in the Canadian situation as a result of conversion proposals and the repudiation of the Ontario Hydro contracts, the feeling of many U.S. investors is that Canadian securities offer less uncertainty than those of their own country.

While United States investors have been making larger purchases of Canadian securities, Canadian investment in American securities has fallen off. During 1935 Canada purchased a smaller volume of U.S. securities while American money flowed into Canada in greater volume than in the previous two years.

Canadian Purchases Lower

In 1935, U.S. purchases of securities in Canada amounted to $268 millions while Canadian purchases in U.S. totalled $200 millions. This leaves a net balance in favor of Canada of $68 millions. In 1935, the net balance was $67 millions in favor of U.S. The new issue of $76 millions of Dominion of Canada bonds sold to a New York syndicate in August, 1935, and the two $20 millions short-term banking credits arranged in New York in September and December, 1935, are not included in these figures.

The bulk of security transactions between Canada and other countries takes place with U.S. and Great Britain. Sales to countries other than these in 1935 totalled $2.5 millions and purchases $5.9 millions.

New York Plans Free Trade Zone First in U.S.A.

New York is to be the first free trade zone in the United States, according to D. S. Cole, Canadian Trade Commissioner. The grant is made in accordance with a Foreign Trade Zone Act of 1934, and the grant gives the city the right to establish and operate a free trade zone in a 78-acre area on Staten Island, where there is a series of municipally-owned piers. A seven-story warehouse and manipulating building with a floor area of 1.2 million sq. ft. costing $3.5 millions will be erected.

The purpose of the zone is to enable foreign and domestic merchandise to be brought in and stored, broken up, re-packed, assembled, distributed, assorted, graded, cleaned, mixed or otherwise manipulated and exported. It will be operated as a public utility, chief prohibition being that no manufacturing or exhibiting shall be undertaken therein.

While new to North America, free ports or free trade zones have been commonplace in Europe since the Middle Ages, there being some two score important ones operating in the world.

Miracle Marketerias Interests Change Hands

Alvar H. Simpson, president of Miracle Marketerias Ltd., Toronto merchandising firm, has acquired the interest of R. J. E. McCrea, former vice-president. Alfred Stevenson is to be general store superintendent and assistant to the president.

Industry Has Vital Stake In Forming Public Opinion

Addressing the Economic Club of Detroit, P. H. Whaley, president of the Whaley-Eaton Service, Washington, declared that "there can be no escape for industry from the necessity of taking an active part in the formulation of national policy. It is futile to have efficiency in production unless there is comparable efficiency in the conduct of the Government. This implies deliberate participation of industry in the making of public opinion."

Mr. Whaley suggests that "the way to do this is to lay greater emphasis on institutional copy and supplement it courageously with what may be called 'Policy Publicity.' As to the former, industry has no poet, but it has all the romance of which poems are made.

"The new technique in publicity engineering will require that industry, not in integration but by its units independently, have opinions on vital issues and tell the public what they are. Charges of propaganda need not be too seriously considered for every one who states his case now is a propagandist, and the word has lost its taunt. Politics has the news columns, but business has the advertising pages.

"If a programme of that sort could be implemented, it would constitute an assurance against vicious political attack and destructive class legislation. It would be a warranty of good timing, which means that it would afford this economic order the two generations required to achieve the social and economic adjustments that would assure the perpetuity of our institutions. Surely the established order, if imbedded in sound principles, can expertly employ for its own conservation the unrivalled communication facilities it has created."

F. N. Burt Prospects Promising for 1936

F. N. Burt Co. prospects for 1936 are promising, state S. J. Moore, chairman of the board, and E. G. Baker, president, in the report to shareholders for 1935. The organization, they say, is in shape to take advantage of every opportunity.

This company has paid $2 a share in dividends in recent years although less than that has been made since 1931. Accumulated earnings of previous years and a strong cash position have made that policy easy to follow. Back in 1929 the company paid $3.50 a share and has improved its working capital position in the meantime.

The stock has been an active and strong performer on the market recently.

Analysis Shows Distribution Of Millions for Modernization

Iron and steel plants, chemical manufacturing concerns and producers of metal and metal goods are the dominant groups of Canadian manufacturing establishments which plan to spend money during 1936 on modernization.

Recently, Industrial Canada undertook a survey among members of the Canadian Manufacturers Association to ascertain which firms in its membership planned further modernization of plants during 1936.

These plans call for expenditures on modernization aggregating $9.5 millions, the largest sum mentioned being approximately $2 millions, being spent by Algoma Steel.

Subsequently, The Financial Post asked W. A. Craick, editor of Industrial Canada, for a specific grouping of these expenditures according to type of industry.

The results are shown in the following table:

	Plants	Value
		$
Aeroplanes	1	15,000
Auto Equipment	3	40,500
Breweries & Distilleries	2	114,000
Brushes	2	22,000
Building Products	12	867,000
Buttons	1	37,000
Canners & Packers	1	28,000
Chemicals	12	1,607,500
Dairy Products	5	220,000
Electrical Goods	6	85,600
Food Products	9	469,400
Foundries & Machine Shops .	10	268,450
Gasoline Refiners	1	25,000
Iron and Steel	2	2,050,000
Leather & Leather Goods ...	5	49,200
Metals & Metal Goods	21	1,389,800
Paint and Varnish	3	26,500
Printers and Lithographers	14	521,700
Paper & Paper Products	7	571,000
Printing Ink	2	25,000
Rubber Goods	3	94,000
Radio Receiving Sets	2	18,000
Textiles	13	715,300
Tobacco	1	20,000
Wood & Wood Products	17	239,000
	155	9,519,150

Quotations

Montreal, Toronto Listed and Curb Prices

Canadian Bond Markets

This table is confined to official prices for actual transactions in listed stocks. Where no recent sale has taken place on stock exchanges, and for stocks that are not listed, The Financial Post endeavors to get quotations from unlisted dealers, which will be found under the heading of "Unlisted Stocks" on this page.

MONTREAL, TORONTO AND CURB STOCKS

WEEK ENDING FEBRUARY 24

Range 1936 High	Low	Div R'te $	Feb21 Y'ld %		Sales	Last Feb. 17	Week end. Feb. 24 H	L	Cl'se
				A					
2.50	1.35	.	...	Abitibi	12660	2.50	2.50	2.00	2.00
13	6¾	.	...	Do. pref. 6%	3940	10¾	12	11	12
12½	6¾	.	...	Do. cert. dep.	175	12½	11½	11	11½
12½	12½	.	...	Acme Glove	15	7	12½	12½	12½
52	47	3.25	6.2	Do. pref.	5	47	52	52	52
10	9½	40c	4	Agnew Surp.	240	9½	10	9¾	10
105	100	7	6.7	Do. pref.	...	105	..	..	..
[illegible]									
				H					
6¾	4½	.	...	Ham. Bridge	230	[illegible]			
37	25½	.	...	Do. pref.	125	[illegible]			
29	25½	50c	...	Ham. Cot., pf.	25	[illegible]			
1.00	.80	.	...	Ham. U. Theat.	....	[illegible]			
51	50	4	7.8	Do. pref.	10	[illegible]			
4	2¾	.	...	Harding Carpet	300	[illegible]			
9	1½	.	...	Hillcrest Coll.	....	[illegible]			
16	16	.	...	Do. pref.	....	[illegible]			
15½	13½	50c	3.6	Hinde & Dauch.	660	[illegible]			
7	7	.	...	Holt Renfrew	....	[illegible]			
40	30	.	...	Do. pref.	....	[illegible]			
.70	.40	.	...	Honey Dew	132	[illegible]			
7½	7½	.	...	Do. pref.	51	[illegible]			
13	11½	.	...	H. Smith Pap.	750	[illegible]			
115	108	.	...	Do. pref.	425	[illegible]			
35	33	2	6	Humberstone S	60	[illegible]			
6	5½	.	...	Hunts (A)	35	[illegible]			
6	6	.	...	Do. (B)	10	[illegible]			
88	83½	6	7.1	Huron & E. Mt.	30	[illegible]			
*17½	14	.	...	Do. 20% pd.	....	[illegible]			
[illegible]									

Government Bonds

(Furnished by Toronto Bond Traders' Assoc.)

February 26, 1936

Dominion of Canada Bonds

		Bid Feb. 26	Asked Feb. 26	Approx. Yield	Bid Feb. 18
Dominion .. 2	15 Oct. 1936	100.35	100.70	.92	100.30
Dominion .. 5	15 Nov. 1936	102.60	102.90	.99	102.65
†‡Dominion .. 5	1 Mar. 1937	104.10	104.55	.45	104.65
‡Dominion .. 5½	1 Dec. 1937	108.05	108.40	.67	108.05
Dominion .. 2½	15 Oct. 1939	102.25	102.75	1.72	102.15
Dominion .. 4	15 Oct. 1939	107.30	107.70	1.81	107.10
Dominion .. 2	15 Nov. 1939	101.00	101.50	1.57	100.90
Dominion .. 4½	1 Sept. 1940	110.15	110.60	2.03	110.25
Dominion .. 5	15 Nov. 1941	113.00	113.40	2.47	112.80
Dominion .. 3	15 Oct. 1942	104.60	105.00	2.18	104.65
Dominion .. 2½	1 June 1943	102.00	102.40	2.14	102.00
Dominion .. 5	15 Oct. 1943	113.90	114.30	2.91	113.75
Dominion .. 4½	15 Oct. 1944	111.75	112.25	2.88	111.75
▪Dominion .. 2½	15 Aug. '43-45	98.15	98.65	2.66	97.95
Dominion .. 4	15 Oct. '43-45	108.25	108.70	2.73▴	108.05
Dominion .. 4½	1 Feb. 1946	111.75	112.25	3.07	111.65
Dominion .. 3½	15 Oct. '44-49	103.10	103.50	3.03▴	103.15
Dominion .. 4	15 Oct. '47-52	106.95	107.45	3.24▴	106.80
Dominion .. 3	1 June '50-55	97.55	98.00	3.14	97.60
Dominion .. 4½	1 Nov. '46-56	109.30	109.75	3.43▴	109.30
Dominion .. 4½	1 Nov. '47-57	109.30	109.75	3.50▴	109.30
Dominion .. 4½	1 Nov. '48-58	109.50	110.00	3.53▴	109.45
Dominion .. 4½	1 Nov. '49-59	109.60	110.10	3.58▴	109.55
▪Dominion .. 3¼	15 Jan. '56-61	100.05	100.50	3.21	99.65

Dominion Guaranteed Bonds

		Bid	Asked	Yield	Bid Feb. 18
*G. T. P. Ry. 3	1 Jan. 1962	99.25	100.25	2.97	99.25
Can. N. Ry. 3	1 May 1944	102.50	103.50	2.53	102.50
Can. N. Ry. 3	15 Dec. '45-50	97.75	98.50	3.12	97.50
Can. N. Ry. 3	15 Feb. '48-53	96.75	97.50	3.19	....
*Can. N. Ry. 4½	1 Sept. 1951	113.00	113.75	3.36	112.75
*Can. N. Ry. 4½	1 Feb. 1956	113.25	114.00	3.52	113.00
†Can. N. Ry. 4½	1 July 1957	111.00	112.00	3.66	111.00
*Can. N. Ry. 4¾	15 June 1955	115.50	116.25	3.58	115.25
Can. N. Ry. 5	1 Feb. 1954	115.25	116.00	3.77	115.00
*Can. N. Ry. 5	1 July 1969	116.00	116.75	3.23▴	115.75
*Can. N. Ry. 5	1 Oct. 1969	117.75	118.50	3.58▴	117.50
*M. Harb. C. 5	1 Nov. 1969	117.75	118.75	3.56▴	117.75

Provincial Government Bonds

		Bid	Asked	Yield	Bid Feb. 18
Eastern—					
N. Bruns. .. 4	1 Sept. 1954	103.00	104.00	3.71	103.00
†N. Bruns. .. 4½	15 Apr. 1961	108.00	109.00	3.93	107.25
†N. Bruns. .. 5	15 Jan. 1960	113.00	114.00	4.08	113.00
N. Scotia .. 3	2 Sept. 1945	98.25	99.25	3.09	98.25
N. Scotia .. 4½	15 May 1943	107.50	108.50	3.17	107.00
†N. Scotia .. 4½	15 Sept. '47-52	108.25	109.25	3.55▴	108.25
†N. Scotia .. 5	1 Mar. 1960	114.50	115.50	4.00	114.50
*Ontario 4	1 June 1962	104.75	105.75	3.66	104.75
*Ontario 4½	1 Sept. 1944	109.75	110.75	3.05	109.00
Ontario 4½	1 June 1950	107.75	108.75	3.71	107.25
*Ontario 4½	15 Jan. 1962	109.00	110.00	3.88	108.75
Ontario 5	15 Oct. 1948	110.75	111.75	3.84	110.75
*Ontario 5	2 Dec. 1960	116.00	117.00	3.92	115.00
Ontario 5½	1 July 1946	113.25	114.25	3.84	113.00
O. H. C. 3½-4-5	1 Oct. '33-52	100.25	101.25	4.31•	100.00
Ont. Hyd. C. 4¾	1 Jan. 1970	109.50	111.50	4.02	109.00
P. E. I. 3	1 Oct. 1945	99.00	100.00	3.00	99.00
Quebec 4	15 Mar. 1952	106.50	107.50	3.40	106.50
Quebec 4¼	1 Aug. 1958	109.00	110.00	3.60	109.00
Quebec 4½	2 Jan. 1963	110.75	111.75	3.79	110.75
Western—					
Alberta ... 4	15 Dec. '49-54	85.50	87.00	5.07	86.00
†Alberta ... 4	1 Dec. 1957	85.50	87.50	4.94	87.00
Alberta ... 4½	1 Oct. 1951	89.00	90.50	5.39	90.00
†Alberta ... 4½	1 Oct. 1956	87.50	89.50	5.34	89.00
†Alberta ... 5	1 Jan. 1948	91.00	93.00	5.82	93.00
Alberta ... 5	1 Sept. 1955	90.00	92.00	5.68	92.00
*Alberta ... 5	1 Oct. 1959	92.00	94.00	5.45	94.00
†Alberta ... 5½	1 Jan. 1947	95.00	97.00	5.87	96.00
Alberta ... 6	1 Mar. 1947	95.00	97.00	6.37	96.50
†Brit. Col. .. 4	1 Dec. 1957	96.00	97.50	4.17	96.00
*Brit. Col. .. 4½	15 Jan. 1951	99.50	101.00	4.40	99.50
†Brit. Col. .. 4½	1 Oct. 1953	98.25	99.25	4.55	99.00
†Brit. Col. .. 5	15 Jan. 1948	101.00	102.00	4.77	101.00
Brit. Col. .. 5	1 Sept. 1953	100.00	101.00	4.91	100.00
Brit. Col. .. 5½	1 Feb. 1945	101.25	102.25	5.20	101.50
Brit. Col. .. 6	15 Feb. 1947	102.50	104.00	5.50	102.50
Manitoba .. 4	2 Jan. 1950	99.00	100.00	4.00	99.00
†Manitoba .. 4	1 Dec. 1957	99.50	100.50	3.97	99.50
†Manitoba .. 4½	15 Dec. 1956	103.50	104.50	4.17	103.50
†Manitoba .. 5	15 June 1954	107.00	108.50	4.33	107.00
*Manitoba .. 5	2 Dec. 1959	110.00	111.00	4.27	109.50
Manitoba .. 5½	1 Oct. 1955	108.50	110.00	4.73	107.50
Manitoba .. 6	1 Apr. 1947	109.50	111.00	4.75	109.00
Sask. 4	15 Aug. 1953	91.50	92.50	4.62	91.75
Sask. 4	1 Nov. '55-60	91.00	92.00	4.54	91.00
*Sask. 4½	2 July 1945	99.50	101.00	4.37	99.50
†Sask. 4½	1 Oct. 1951	98.00	99.00	4.58	98.00
†Sask. 4½	15 Mar. 1960	97.00	98.00	4.63	97.00
Sask. 5	1 Aug. 1958	100.50	101.50	4.84	100.00
†Sask. 5½	15 Nov. 1946	103.00	104.50	4.96	103.00
Sask. 5½	1 Oct. 1952	103.00	104.00	5.14	103.00
Sask. 6	15 Mar. 1952	106.00	107.00	5.35	106.00

Municipal Bonds

		Bid	Asked	Yield	Bid Feb. 18
†Calgary ... 5½	2 June 1944	83.00	87.00	7.65	85.00
†Edmonton . 5½	1 Nov. 1945	85.00	90.00	6.90	86.00
†Halifax 5	1 July 1961	112.00	113.50	4.14	112.50
Hamilton .. 5	1 May 1950	107.00	110.00	4.05	105.00
Montreal .. 5	1 Mar. 1945	105.50	107.50	4.00	105.50
Ottawa 4½	1 July 1945	108.50	111.00	3.15	107.00
†Quebec 5	1 June 1959	109.00	110.50	4.28	109.00
Regina 5	1 July 1944	88.00	92.00	6.18	88.00
St. John ... 5	15 Dec. 1950	107.50	109.00	4.18	107.50
†Toronto ... 4½	1 Jan. 1955	109.00	111.50	3.65	108.00
Vancouver . 5	1 June 1969	91.00	93.00	5.46	91.50
Victoria ... 5	21 July 1945	95.00	98.00	5.26	95.00
Winnipeg .. 5	1 Mar. 1944	104.00	106.00	4.12	104.00

*Payable Can., N.Y. & £. ▴Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. •Calculated to maturity although callable prior to that date. ‡Exempt from Dominion income tax. ▪Payable in N.Y.

The Financial Post's Quotations

Although The Financial Post strives to obtain the closest quotations possible on the unlisted stocks and bonds in the various tables on this page, the quotations are not guaranteed and no responsibility is assumed in connection with them. In inactive markets, many quotations can be little more than nominal but it is felt that even a nominal quotation giving an idea of an approximate price is better than none at all.

Mining Stock Quotations

WEEK ENDING FEBRUARY 24

Par Val.	Range 1936 High	Low	Company	Sales	Close Feb. 17 (or last)	High for week	Low for week	Close Feb. 24
[illegible]								

OIL STOCKS

[illegible]

VANCOUVER STOCK EXCHANGE

(Transactions for Week to February 21)

Par Val.	Range 1936 High	Low	Company	Sales	Close Feb. 14 (or last)	High for week	Low for week	Close Feb. 21
[illegible]								

Corporation Bonds

(Furnished by Toronto Bond Traders' Assoc.)

February 25, 1936

Public Utility Issues:	Int. Rate %	Due	Bid Feb. 25	Asked Feb. 25	Bid Feb. 18
‡Avalon 'Phone.	5½	'48	101	...	101
Beauharnois ..	5½	'73	86	89	87
Beauharnois ..	5	'73	28½	31½	30½
*Bell T'phone ..	5	'55	115½	118½	115
*Do.	5	'57	118½	121½	118
†B. C. Power ..	5	'60	104	107	104
†Do.	5½	'60	105	108	105
†B. C. T'phone .	5	'60	107	110	107
†Calgary Pwr. ..	5	'60	103	105	102
Do.	5	'64	99	102	98½
†Can. Nor. Pr. .	5	'53	102½	105	102½
Dom. Gas	6½	'45	91	94	92½
§Duke-Price Pr.	6	'66	104½	106½	104½
*Gatineau Pwr..	5	'58	94½	97	94
*Do., A	6	'41	88½	91½	87
*Int'l. Hydro ..	6	'44	53½	56½	54½
†Maclaren-Que..	5½	'61	89	92	90½
Do.	5½	'64	87	90	88½
*Manitoba Pwr.	5½	'51	80½	83½	78
†Mtl. Island Pr..	5½	'57	104	107	104
†Montreal Pr. ..	3½	'56	99	101	99
†Montr'l. Tram..	5	'55	85	88	85
†Do.	5	'41	103	105½	103
Nat'l. L. & P...	6	'49	97½	100½	98½
†N.S. L. & Pr...	5	'58	104	107	104
†Ottawa Light .	5	'57	105	108	105
†Ottawa Val. Pr.	5½	'70	92½	95½	93
†Power Corp. ..	4½	'50	93½	96½	93½
*Quebec Pwr. ..	5	'68	105	108	105½
†Shawinigan ...	4½	'70	103	105½	103
†Do.	5	'70	106	109	106
†S. Canada Pr..	5	'55	104½	107½	104
†United Secs. ..	5½	'52	77	80	77
†W. Koot. Pwr..	5	'56	105½	108	105½
†Western Pwr. .	5	'49	105	108	105
*Winnipeg Elec.	6	'54	81½	84½	79½
Industrial and Realty Issues:					
Abitibi Pwr. ..	5	'53	45	48	48
†Acadia Sugar .	4½	'55	100	103	100
†Alta. P. Grain.	6	'46	100	103	100
‡Asbestos Corp..	5	'42	99	...	99
B. A. Oil	5	'45	105½	108½	107
Do.	4	'45	102½	105½	103
*B.C. Pulp & P.	6	'50	85	88	85
Burns & Co. .. (5/58 int. bearing)			88	91	88
Can. Biscuit ..	6½	'46	23½	26½	23½
Canada Bread .	6	'41	109	...	109
†Can. Cement ..	5½	'47	105½	108	105½
‡Can. Ss. Lines.	5	'43	102	...	102
Do.	6	'41	57	60	62
†Can. Canners .	6	'50	105½	108½	105½
*Can. Int. Pap..	6	'49	89	92	90½
C. P. R.	4½	'44	99½	102	99½
Do.	4	'49	104½	107	101½
Can. Rail & H.	6½	'51	47	50	49
†Can. Vickers ..	6	'47	91½	94½	92½
Cons. Paper ...	5½	'61	32½	35½	34½
†Dom. Canners.	6	'40	109	...	109
Dom. Sq. Corp.	6	'48	62	...	62
†Dominion Tar .	6	'49	103½	...	103½
†Donnacona P. .	5½	'48	84½	87½	85
†East. Dairies ..	6	'49	87½	90½	88
†Fam. Players .	6	'48	103	105½	103½
†Do.	6½	'48	101½	104	101½
†Federal Grain .	6	'49	100	103	100
Fraser Cos.• ..	6	'50	101½	104½	101½
Do.▴	6	'50	94½	97½	95
†G. Steel Wares	6	'52	100	103	101
Gt. Lakes Pap.	6	'50	45	48	46
†Gypsum, Lime.	5½	'48	96	99	96½
Ham. Cottons .	5½	'48	102	...	101½
*Ham. By-Prod.	5	'58	97	100	98
*Hinde & Dauch	5½	'48	102	...	102
†I. P. & P. Nfld.	5	'68	102	105	103
Int. City Bak. .	5½	'48	103	...	103
Kingston Elev.	6	'50	96½	99½	97
Lake St. John P. & Pa.	6½	'47	92½	95½	93
London Rlty. .	6	'50	92	95	92
†Massey-Harris.	5	'47	92	95	92½
McColl-Front. .	6	'49	104½	107	104½
†Mercury Mills.	5½	'53	63	...	62
M. & O. Paper	6	'45	33½	36½	37
Mtl. Dry Docks	6	'48	81	85	84
N. Ont. Bldg. ..	6½	'39	97	...	97
Price Bros. bds.	6	'43	106	115	106
*Prov. Paper ...	5½	'47	102	...	102
Queen's Hotel.	6	'47	92	95	91
*Reliance Gr. ..	6	'48	102½	...	102½
Richmond-Bay.	6½	'47	97	...	97
‡Riordon Pulp .	6	'42	104½	...	104½
†Rolland Paper.	5½	'48	105	...	105
Ruddy & Co. .	6½	'48	100½	...	100½
†Simpsons Ltd. .	6	'49	104½	107	104½
Do.	5½	'49	102½	...	102½
†Smith, How'd..	5½	'53	104½	107	104½
‡Steel of Can. ..	6	'40	112½	...	112½
Stop & Shop ..	6	'47	64	...	64
United Corpns.	5	'53	92½	...	92
United Grain ..	5	'48	99½	102½	100
Do.	5½	'49	102	...	102
Western Grain.	6	'49	88½	92½	89½
Zimmerknit ..	6	'51	96	...	95

‡Payable in Canada or U. K. †Payable in Can., U. S., or U. K. §Payable in U. S. only. *Payable in Can. or U. S. •Unstamped. ▴Stamped.

Unlisted Mines

February 25, 1936

	Bid	Asked
Albany River	.29	.32
Arntfield Syndicate	..	.85
Ardeen	.16½	.18
Argosy	.80	.83
Athona (Gt. B. L.)	.45	.48
Athabaska Portal	.28	.32
Bailor	.03½	.05
Bidgood Kirkland	1.14	1.17
Bankfield Gold	.62	.65
Bathurst	.01½	.02½
Big Master	.20	.23
Bosquet Gold	.14	.15
Can. Pandora	.06	.07
Can. Kirkland	.05	.06
Capital Rouyn, new	.02	.03
Casey Summit	.13	.15
Casey Contact	.05	.06
Canusa Mining	.23	.26
Central Porcupine	.17	.19
Chromium	1.58	1.60
Cons. Chib. Free	..	2.45
Cons. Chib. Pool	..	2.45
Corless Patricia	.40	.43
Cuniptau	.26	.28
Dorval Sisco Gold	.20	.22
El Bonanza	.08	.10
East Malartic	.37	.40
Forty-Four Gold	3.00	4.00
Glenora Gold	.17½	.18½
Galatea	.06	.08
Goldside	.03	.04
Gold Eagle	.22	.25
Greenlaw	.05	.06
Groundhog	.20	.22
Hudson Patricia	.19½	.21
Jellicoe	.08	.09
Jowsey	..	.30
Kaw Crow	.23	.25
Kirk. Gold Belt	.11	.13
Knee Lake	..	.05
Lafayette L. Lac	.02¾	.03¼
La Palme	.48	..
La Roche	.21	.23
Long Lac Lagoon	.07	.08
Lamaque Gold	3.30	3.40
Leitch Gold	.44	.46
Madsen Red L.	.34	.36
MacL. Cockshutt	.11	.12
Magnet Lake	.06½	.07½
Marbuan	.97	1.00
Matachewan Can.	.16	.19
McCarthy Webb	[illegible]	[illegible]
[illegible]		
Norlake	.43	.46
Oklend	.27	.29
O'Leary	.13	.14
Opemiska	1.70	1.77
Pascalis	.24	.27
Proprietary M.	.55	.60
Phoenix	.38	.42
Rice Lake	.07	.08
Shawkey	.82	.84
Skookum	.14	.16
Shinin Tree	.38	.40
Sladen	.40	.43
Slave Lake	..	.65
Smelter Gold	.05½	.06½
South Keora	.10	.11½
Smith Cobalt	..	.05
Springer	.09	.11
Straw L. Beach	.12½	.14
Sturgeon R. Gold	..	.55
Thompson Cadillac (new)	.27	.29
Wells Long Lac	.09	.11
Wingold	.09	.11
Wendigo	.17	.19
Young Davidson	.21	.24

Metal Prices

New York—Feb. 25—
Copper: Electrolytic spot and future, $9.25 to $9.50.
Silver: 44¾c.

London—Feb. 25—
(Long Ton)—
Copper: Electrolytic spot, £40; future, £40 10s. Standard spot, £ 35 17s 6d; future, £36 5s.
Tin: Spot, £208 10s; future, £201 10s.
Lead: Spot, £16 7s 6d; future, £16 10s.
Zinc: Spot, £15 15s; future, £16.
Gold: 140s 10d.
Silver: 19¾d.

Canada—Feb. 25—
Gold: $35.14.

Investment Trusts

	Bid	Asked
Trans-Canada	12.30	...
All Can. Com. Trustee Shs..	12.00	12.25
Can. Int. Trustee	5.25	5.75
Grouped Income	5.83	6.35
Can. Amer. Trust	3.90	4.20

Unlisted Stocks

(Furnished by A. J. Pattison, Jr. & Co., Toronto)

February 25, 1936

	Bid	Asked
Industrial Stocks:		
Acadia Sugar, c.	3.75	4.00
Do., pfd.	4.85	5.05
Acme Farmers Dairy, pfd.	36.00	40.00
Algoma Steel New, c.	48.00	...
Do., New, pfd.	55.00	65.00
Andian National	49.00	50.00
B. C. Pulp & Paper, com.	1.25	1.70
Do., pfd.	11.00	13.00
Burns & Co., A	13.25	14.50
Do., B	7.25	8.50
Canada Starch, pfd.	91.00	...
Canada Tea, pfd.	36.50	40.00
Can. Tube, 1st pfd.	46.00	...
Can. Wire & Cable, pfd.	98.50	100.50
Can. Industries, A, com.	241.00	...
Do., B, com.	240.00	245.00
Do., pfd.	159.00	163.00
Can. Ingersol Rand	122.00	...
Can. Westinghouse	64.50	67.00
Chase, A. W., pfd. bonus	25.00	27.00
Conduits Nat., New, com.	1.60	...
Dom. Found. & St. c. (new)	41.00	44.00
Do., pfd. (new)	91.00	95.00
Dunlop Tire, pfd.	62.50	67.50
Edm. City Dairy, pfd.	59.50	...
Federal Grain, com.	4.50	5.50
Do., pfd.	63.00	66.00
Goderich Elevator	9.00	9.75
Greening Wire, pfd.	104.00	105.50
Guelph Carpet, pfd.	104.00	106.00
Do., com.	16.50	17.50
Highland Dairy, com.	2.60	3.00
Do., pfd.	80.00	...
Industrial Accept., A	15.00	16.50
Inter City Bak., com.	21.00	24.00
Morrow Screw, pfd.	96.00	...
New Meth. Laund. p. bon.	77.00	81.00
Provincial Paper, pfd.	103.00	104.50
Reliance Grain, c.	8.00	10.00
Do., pfd.	94.00	96.00
Rob. Consol. Cone	9.25	10.25
Ruddy, E. L., pfd.	38.50	...
Silverwood's Dair., pfd.	48.50	...
Std. Fuel pfd. bonus	106.00	107.50
Supertest Pet., B, pfd.	27.00	29.00
Toronto Carpet, pfd.	36.00	...
United Steel, A, pfd.	5.25	7.00
West. Grain, pfd. bonus	23.00	25.00
Western Grocers, pfd.	107.50	110.50
Willards Choc., pfd.	12.50	14.00
Trust & Loan Stocks:		
Chartered Trust	81.00	84.00
Guelph Ont. Inv. Sav.	46.00	50.00
London & West. Trust	44.00	...
Sterling Trust	36.00	...
Traders Fin. B, p. with Rts.	70.50	...
Trusts & Guarantee	39.00	41.00
Insurance Stocks:		
British America	40.00	...
Canada Life	520.00	...
Canadian Fire	78.00	...
Can. Ins. Shares, com.	11.00	12.50
Confed. Life 20% pd.	119.00	122.00
Cont. Life 20% pd.	37.00	40.00
Crown Life	110.00%	...
Dominion Fire	114.00	...
Dominion Life 50% pd.	270.00	300.00
Dom. of Can. Gen.	105.00	...
Empire Life 25% pd.	7.00	8.00
Excelsior Life 30% pd.	69.00	72.00
Federal Fire, 25% pd.	39.00	...
Fidelity Ins. of Can.	47.00	50.00
Great West Life	300.00	400.00
Guar. of N. A. fully pd.	245.00	...
Halifax Fire	22.00	23.00
Imperial Life	330.00	...
Manufacturers Life	263.00	272.00
Monarch Life, 10% pd.	19.25	20.00
National Life, 25% pd.	51.50	57.00
Sovereign Life, 25% pd.	18.00	21.00
Sun Life	580.00	600.00
Toronto General	4.75	...
Western Assur., com.	38.50	41.00
Do., pfd.	39.00	41.00
Theatre Stocks:		
Allens Beach, pfd.	61.00	...
Do., Calgary, com.	8.00	9.00
Do., Kingston, pfd.	55.00	...
Do., Parkdale, pfd.	46.00	50.00
Do., Toronto, 7% p. b. c.	32.00	34.50
East. Theatres, com.	5.00	7.00
Do., pfd.	78.00	84.00
Loew's London, pfd.	2.00	2.25
Loew's Toronto, pfd.	110.00	115.00
Mansfield Theat., pfd.	32.00	...
Para. Kitchener, pfd.	41.00	...
Do., Oshawa, pfd.	66.00	...
United Amusement, A	16.00	20.00
Do., B	15.00	...
Investment Trust Shares:		
Can. Gen. Invest.	8.00	8.30
Can. Investors	7.85	8.10
Can. Int. Inv. Trust Units	50.00	...
Cons. Div. Std. Sec. Units	12.00	...
Debenture & Sec., pfd.	45.00	...
Dom. Scottish Inv. Units	29.00	32.00
For. Power Sec., pfd.	15.00	...
Invest. Found. Units	49.00	51.00
Sec. Holding Corp. Units	20.00	...
United Corpns., A	22.00	23.50
Do., B	8.10	8.75
Power Issues:		
Can. L. & Power, com.	23.00	...
Can. Public Service, pfd.	28.00	...
Can. West. Nat. Gas, pfd.	97.50	100.00
Do., com.	23.50	...
Great Lakes Pwr., pfd.	90.00	95.00
Inter. Util. 7.00 pfd.	81.00	...
Nor. Ont. Power, pfd.	99.50	101.00
N. S. L&P pfd.	101.50	104.00

Mining Dividends

	Rate	Close Feb. 24,	Yield %
Anglo-Huronian	20c	4.65	..
Buff. Ankerite	20c	5.30	3.8
Bulolo Gold	2.60	35.12	7.4
Cariboo	10c	1.40	7.1
Coniagas†	12½c	3.25	..
Cons. Smelters	$2.50+$4	235.50	..
Dome Mines	$2+$2	48.25	8.3*
Falconbridge	30c	9.35	3.2
Hollinger	65c+25c	15.75	5.7*
Howey Gold	5c	.66	..
Hudson Bay	$1	27.50	..
Int. Coal & Coke‡	1c	.20	..
Inter. Mining	60+5	14.25	4.6*
Int. Nickel, c.	$1	51.75	1.9
Kirk. Lake‡	3c	.50	..
Lake Shore	$2+$2	57.37	6.9*
Macassa	15c	4.65	3.2
McIntyre	$2	44.62	4.5
McKinley Sec.	5c	.50	..
McWatters Gold†	5c	1.43	..
Nipissing	25c	2.85	..
Noranda	$2	50.00	4
Pickle Crow†	5c	4.82	..
Premier	12c+1c	1.99	6.5*
Pioneer B.C	80c	10.80	7.4
Reno	12+2c	1.13	12.3*
San Antonio	21c	3.05	6.8
Siscoe	20c+1c	3.33	6.3*
So. Amer. Gold	30c	5.85	5.1
Sunshine	50c	21.00	..
Sylvanite	20c	2.70	7.4
Teck-Hughes	40c	5.00	8.1
Toburn	8c	1.37	5.8
Wright-Har.	40c+20c	8.70	6.9*
Ymir Yankee†	2c	.55	..

‡Interim. †Initial. *Yield includes bonus.

Winnipeg Stocks

(Transactions from Feb. 13 to Feb. 22)

	Sales	High for period	Low for period	Close Feb. 22
Bigmaster	1,200	.22	.22	.22
B. & M. Synd...	2	40	40	40
Bailor Gold	6,600	.04	.02½	.04
Bailor Syn.	25	.50	.50	.50
City Dairy A	47	8½	8	8½
Dom. Envelope.	10	1½	1½	1½
Can. Rand.	7,000	.09½	.07½	.08
Forty-Four	70	5½	3¾	3¾
Flin Flon	17,700	.38	.33	.37
Gold Lake	11,845	.58	.52	.54
Geneva	15	1¾	1¾	1¾
Gt. West Life..	5	387	387	387
Gurney Gold	2,500	.45	.41	.45
Island Lake	7,200	.04½	.03½	.04
Herb Lake	1,000	.09	.09	.09
Jowsey Is.	1,500	.33	.30	.30
Kingfisher	7,000	.02	.02	.02
Knee Lake	5,700	.05	.04	.05
Monarch Life	30	20	20	20
Sovereign Life..	25	17	17	17
Ore Grande	8,000	.09½	.08	.08
Rice Lake Syn..	142	6	5½	6
Rice Lake	14,100	.09	.07	.08
Optic Lake	530	2	1!	2
Packsack	5,300	.27	.24	.26
United Grain	33	13	12½	13
Wingold	24,270	.10½	.08	.10
Wylie Dom.	8,050	.40	.35	.39
West. Breweries	100	2½	2½	2½
Traders Bldg.	18	70	70	70
Scattergood	2,000	.07½	.07½	.07½
Vanson Man.	700	.04½	.03½	.03½
Wallace Lake	11,000	.03½	.03	.03½

Stocks Not Traded in During Week*

	Bid	Ask.
Beaver Fire Ins.	..	100
Comm Securities	..	10
Home Investment	24	25
North. Trust	7	..
Pelissiers	..	½
Do., pref.	50	..
West. Steel, pfd.	5	..

*Stocks more active on other exchanges not included.

Silver Prices

Trading in Montreal Feb. 17 to Feb. 22

	High	Low	Close	Contracts
Feb.	44.75	44.75	44.90	4
Mar.	45.15	44.65	44.70	57
May	45.10	44.65	44.75	23
July	45.20	44.75	44.85	23
Sept.	44.95	44.85	44.95	5

Listed Bonds

Week Ending Feb. 24, 1936

Mtl. L. H. & P. Debs.	3	'39	50¾	50¼	50¾	50
Unlisted:						
Cons. Paper	5½	'61	34½	[illegible]	34½	30¾
Price	6	'43	100½	[illegible]	[illegible]	[illegible]

Big January Seen in Sales Of Motor Cars

Best Returns Since 1929 For Production, Sales and Exports

PRODUCE 13,300 UNITS

Not since 1929 has the automobile industry seen such a January as the month just past.

New cars produced in Canada totalled 13,300 units—a gain of 25 per cent over the same month last year and higher than in any similar month of the past six years.

Actual domestic sales were 60 per cent above January 1935 and 9 per cent less than the December total which had been boosted substantially by the early introduction of 1936 models last November.

Sales $5,600,000

Dollar value of January sales in Canada is placed by the Dominion Bureau of Statistics at $5.6 millions of which $4.8 millions was passenger cars and the remainder trucks and buses. The latter group showed a gain of 32 per cent in number of units sold and 18 per cent in value as compared with the same month last year.

Exports sales were considerable during the year, there having been 6,622 cars cleared during January compared with 1,598 the same month last year. Number of cars produced for export during the month totalled 5,082 of which 2,901 were chassis (sold without bodies) and 988 were commercial cars.

Chevrolet in Lead

Analysis of January figures on the basis of leading makes shows Chevrolet leading sales in Eastern Canada for the first time in many months. Total sales as reported by Mights Directories to Canadian Automotive Trade and analyzed by The Financial Post show Chevrolet as placing 1,018 units during the month and Ford, 975. Dodge had a good margin on Plymouth for third place. A feature of the returns is the continued high sales of Packard which ranks tenth among the month's leaders.

Comparative figures for the past four years follow:

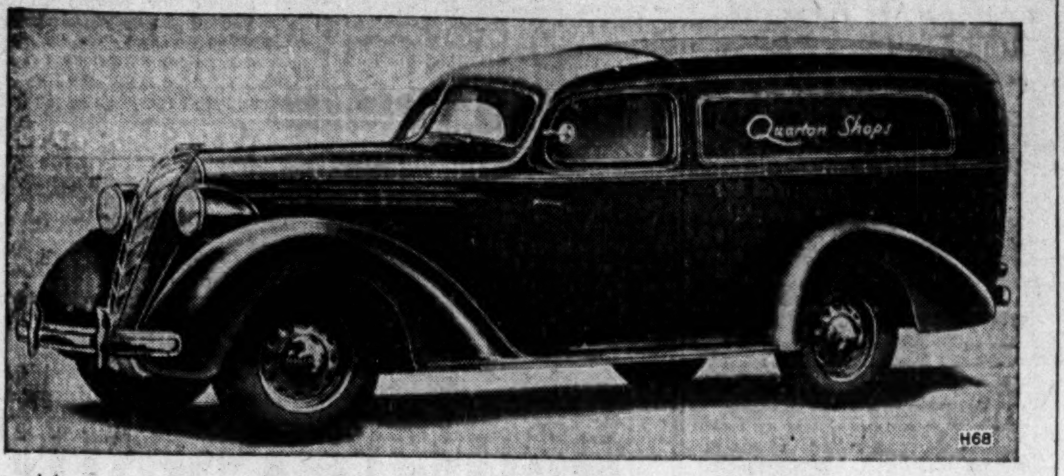
Eastern Canada Sales of Passenger Cars

	Jan. 1936	Jan. 1935	Jan. 1934	Jan. 1933
Chevrolet	1,018	266	188	374
Ford	975	510	472	121
Dodge	514	271	78	109
Plymouth	446	272	37	104
Oldsmobile	290	38	5	13
Buick	255	62	67	67
Pontiac	173	29	47	64
Chrysler	124	29	2	12
Terraplane	110	59	12	28
Packard	90	12	1	0

Niagara Falls Loan Seeks Change of Name

Niagara Falls Building, Savings & Loan Association is requesting the Ontario legislature for an act changing its name to Niagara Falls Loan & Savings Co.

Hudson Motors Enters Commercial Car Field



The picture shows a new custom panel delivery model in the new commercial vehicle line sponsored by Hudson Motors of Canada Ltd. For the time being these cars will be imported into Canada and distributed by the Hudson-Terraplane agency organization throughout Canada. The above model has 155-inch wheelbase and 88 h.p. motor. It is three-quarter ton capacity and powered with a Terraplane engine.

BUYERS RECEIVE MORE IN TRUCKS NEW LINES SHOW

Manufacturers Want Purchaser's Money To Go Far

Business executives are interested in nine new lines of trucks announced in the current issue of Bus and Truck Transport, of which two are entirely new to the Canadian trade. The effort of the manufacturers has been, of course, to increase the value of the buyer's truck dollar. This has been accomplished in a variety of ways. Length of life has been increased. Parts have been strengthened by the use of better alloys and heavier sections. More power has been added where necessary. A greater factor of safety has been incorporated. Payload capacity has been increased by some manufacturers. Truck users who prefer to standardize on one line will find, in many cases, gaps in the line have been filled with new tonnage ratings. Simplification and strength bring new low maintenance costs with economy all along the line.

January Sales Up

January truck sales in eastern Canada were 694, against 410 a year ago, although new models are only now being generally announced Ford took the lead in January sales, with 262, Chevrolet, 192; International, 80; Dodge, 71; G.M.C., 27; Diamond T, 15. Buyers are interesting themselves in a practical way in what is available, so a survey of current new models is timely.

Hudson Motors of Canada enter the commercial field for the first time with a utility coach, a custom panel, and a cab pick-up, all powered with a six cylinder, 88 or 100 h.p. Terraplane motor. Wheelbase is 115 in. The utility coach is a dual purpose car, converted at will from a passenger car to a commercial vehicle. Removal of the back seat changes the rear passenger and luggage compartments into a 110 cu. in. space of 1,000 cap.

Bakers, dry cleaners, laundrymen, butter and egg dealers, and others with light, bulky loads were in mind when Federal added their new ¾-1 ton job, to fill a gap between the light passenger car type of commercial vehicle and the 1½-ton truck. Economy of operation (4-cylinder engine) is a principal talking point with this model.

Fargo Truck Here

Chrysler brings a new name into the Canadian truck field when it balances its dealer situation by giving Chrysler-Plymouth dealers the Fargo truck to sell. Dodge-DeSoto dealers have the Dodge truck line as a part of their franchise. Fargo is a name used by Chrysler Export in the United States. The load on these trucks has been shifted forward in relation to the axles, to ensure stability, minimum overall length, equalized wear on brakes and tires. Economy is a strong talking point in this line, too, this year, effected by aluminum alloy pistons, four piston rings, full length water jackets, valve seat inserts, spray cooled exhaust valve seats, special oil cooling, etc. The new line consists of commercial cars, 1½, 2 and 3-ton trucks.

While nothing very striking has been done to appearance on any truck models so far announced this year, an effort has been made to "smart 'em up," with streamlining, chromium decoration, etc. Radical changes may be coming in the truck field, but they are not evident this year. Gar Wood, famous Detroit racing motor boat builder and driver, got together with William B. Stout, designer of the Ford tri-motor plane and the Stout "Scarab" motor car, and produced a new type of bus, now in production at Gar Wood Industries, from which Stephen Wilkins, of Wilkins Smallwares, Toronto, has ordered a chassis for truck use. This vehicle departs sharply from current design and appearance, following airplane structural ideas.

Have Traffic In Mind

Studebaker have made some change by introducing a cab-forward design, giving their trucks a snub-nosed appearance. Today's traffic conditions demand shorter wheelbases without sacrificing payload space, and the Studebaker design is claimed to provide that, along witih easier handling, better visibility, safety in crowded quarters, shorter overall length for trailer use, greater driver ease. The cab-forward design is slightly higher in price than the conventional line. Studebaker engineers claim 90 per cent of servicing operations can be carried out easier in this design than in the former.

To fill a demand they have found for a sturdy ¾-ton delivery job, Stewart Motor Corp. offer their six-cyl. Model 60H. It is truck-type in construction, and gasoline tests are said to show high economy. It is available in a panel, pick-up and a covered express.

With a range from half-ton to 2½ tons, from 109 to 165-in. wheelbase, Chevrolet claims to have, in its 1936 Chev. and Maple Leaf line, a range of trucks much improved in appearance, more durable, and with better performance and economy. The engine is of truck design, in which higher compression ratio, balanced carburetion, etc., bring economy. Improvements such as have been made in the clutch, reduce maintenance costs and lengthen life.

Add New Designs

The G.M.C. line for 1936 runs from half-ton to six tons, with several new numbers, notably a half-ton unit on a 112-in. wheelbase. "Turret tops" are used. During 1935, General Motors completed experimental work in the development of "forward control." By moving the operating controls forward, the engineers have gained as much as 30 in. in loading space. This procedure also considerably reduces the turning radius.

Mack have entered the light truck and bus field with a Junior line, seven models from half-ton to 2-3-ton, including a short-wheelbase Traffic Type model. This is a radical departure from this firm's policy of building only heavy-duty vehicles.

The Dodge truck and commercial car line, introduced at a special showing at Windsor recently, features "fore point" load distribution, hydraulic brakes, "pre-proved economy," and Amola springs. One of the major changes in this line is the use of a strictly truck-type frame on the commercial car. The sedan delivery is an exception, the passenger car chassis being used to give greater comfort to commercial travellers whose personal transportation needs also call for load capacity for merchandise.

HYDRO SYSTEMS ALL SELL MORE PRIMARY POWER

Secondary Power Sale Drops as Contracts Cancelled

Peak loads of primary power in all systems of the Hydro-Electric Power Commission of Ontario continue to show increases, reflecting general gains in economic activity.

Largest percentage gain in primary load in January, 1936, was in Northern Ontario, due to increased mining activity.

Largest volume gain over January, 1935, was in the Niagara system. This reflects general industrial improvement.

Types of Load

The "primary" load constitutes sales of power under firm contract that cannot be interrupted at will. The combined "primary" and "secondary" load constitutes: (1) sale of firm, primary power, plus (2) sale of "offpeak" surplus energy. This "off-peak" power is surplus electricity which is sold for use, within certain hours, at low rates, largely for industrial purposes.

Contracts and Decrease

Two changes in the Hydro load statement are due to cancellation of contracts to buy power from Quebec firms. First, former power purchase commitments are not shown, and second, there is a sharp decrease in the combined peak load of primary and secondary power.

Stopping of major power purchases from Quebec naturally leaves the Ontario Hydro's Niagara system with less surplus power. Consequently, sale of secondary power to industries in the Niagara system fell sharply in January.

Comparative load figures follow:

Monthly Summary of Loads

Systems:	Max. 20-Min. Peak H.P. Jan. 1936	Jan. 1935	Incr. %
Primary Load:			
*Niagara	969,035	937,265	+3.4
Eastern Ontario	104,397	96,622	+8.0
Georgian Bay	25,690	25,429	+1.0
Thunder Bay	63,009	58,244	+8.2
North. Ontario	82,423	55,086	+49.6
Total	1,244,554	1,172,646	+6.1

*Percentage increase for Niagara primary load does not show the true increase, since losses in January, 1936, were approximately 20,000 kw. less than in January, 1935, due to unusually economical division of load on transmission lines. Under same operating conditions as of 1935, increase in January, 1936, would be about 6.3 per cent.

Primary and Secondary Loads:			
Niagara	1,142,091	1,315,951	—13.2
Eastern Ontario	122,011	127,681	—4.4
Georgian Bay	25,690	25,429	+1.0
Thunder Bay	125,737	118,901	+5.7
North. Ontario	158,160	114,068	+38.7
Total	1,573,689	1,702,030	—7.5

Foreign Exchange

No major trend was apparent in foreign exchange markets last week. The Canadian dollar showed very little change in terms of American funds, strengthened slightly against the gold bloc countries and eased slightly against sterling.

The outlook for stabilization still is clouded by uncertainty in the United States and in France. Most talk in favor of set exchanges originates outside of England, where, reports have it, authorities place considerable faith in her managed currency.

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

	Par $	Feb. 18	Feb. 19	Feb. 20	Feb. 21	Feb. 22	Feb. 24
U. S. dollar, High	.5906	.99 11/16	.99 11/16	.99 11/16	.99 11/16	.99 11/16	.99⅞
Low	.5906	.99 21/32	.99 21/32	.99 21/32	.99 21/32	.99⅝	.99⅞
1935, High	.5906	1.00⅜	1.00 1/16	1.00 1/16	1.00 1/16	1.00 1/16	1.00 1/16
Low	.5906	1.00 1/16	1.00	1.00	.99 11/16	1.00	1.00
U. K. pound	4.8665	4.98¼	4.98⅝	4.98½	4.98⅝	4.98⅝	4.99⅛
Argentina	.4246	.2770	.2762	.2762	.2757	.2757	.2752
Australia	4.8665	3.9820	3.9822	3.9813	3.9792	3.9813	3.9863
Austria	.1407	.1901¼	.1900½	.1901½	.1902¼	.1902	.1902½
Belgium	.1392	.1702	.1703	.1703	.1702½	.1704	.1702¼
Brazil	.1963	.0574½	.0574¼	.0574¼	.0569½	.0569½	.0569¼
Czechoslovakia	.0296	.0419	.0420	.0419¾	.0419½	.0421	.0419½
Denmark	.2680	.2224	.2227¼	.2227¼	.2227	.2228	.2227¾
France	.0392	.0667	.0667½	.0667½	.0666¾	.0668	.0666⅝
Germany	.2382	.4056	.4063	.4063	.4060	.4070	.4061
Greece	.013	.0095½	.0095¼	.0095¼	.0095½	.0096½	.0095¼
Holland	.4020	.6858½	.6855½	.6859½	.6857½	.6860	.6859¼
Hungary	.1749	.2987	.2986¼	.2986	.2987	.2990	.2986¼
India	.3650	.3793½	.3795¼	.3795¼	.3796½	.3796	.3796¼
Japan	.4985	.2911½	.2906¼	.2911¼	.2912¼	.2912	.2911½
Jugoslavia	.1929	.0232¾	.0233¼	.0233	.0233¾	.0233	.0232¾
New Zealand	4.8665	4.0221	4.0224	4.0214	4.0193	4.0214	4.0264
Norway	.2680	.2503½	.2506¼	.2507	.2505½	.2507	.2511
Poland	.1122	.1912	.1910	.1911	.1912	.1912	.1913
South Africa	4.8666	4.9626	4.9628	4.9615	4.9591	4.9616	4.9678
Spain	.1929	.1382¼	.1382¾	.1382¼	.1381¾	.1383	.1382¾
Sweden	.2680	.2568½	.2572¾	.2572	.2571½	.2573	.2573¾
Switzerland	.1930	.3300½	.3300¾	.3303	.3301½	.3303	.3300¾
Hong Kong	.5422	.3282	.3285¾	.3290¾	.3292	.3291	.3290¾

QUEBEC ELECTRICITY BOARD SETS RULES

Emergency Work May be Done Without Board's Permit

From Our Own Correspondent

MONTREAL.—Routine operations will be permitted under the Quebec Electricity Commission law, according to a ruling handed down by the Commission.

This ruling authorizes the execution of works which are of an urgent nature and permit of necessary repair work being done without the delay consequent upon an application to the Commission.

At the same time the Commission has laid down two conditions essential to enable an electricity company to presume that the permission has been acquired. The first is that the repair work, the work of replacement, and of connections be of an urgent nature and that their need could not have been foreseen in advance. The second condition is that there be a monthly report sent to the Commission of all such work, giving all details, including the quantity of work done, location, the financial obligations which will result from such work.

Once this information is received, approval to the expenditure of the capital will be given when the Commission is satisfied that the works are necessary, in the public interest, and that their actual cost has been established.

Elevator Planned

Work is to be started on the new 2 million bushel elevator at Three Rivers by the Toronto Elevator Company early this year.

Income Tax May Go To All Municipalities

All Ontario municipalities may benefit eventually from the new provincial income tax after 1936.

Grants from revenue received under the new tax in 1936 are limited to municipalities which in the past levied a municipal income tax. Provision is made, however, for extension of these grants to other municipalities in future years, if the government sees fit to do so. The basis of distribution in future years is left entirely to the discretion of the government.

In 1936, municipalities which have levied an income tax will be reimbursed according to the income tax actually levied in 1935, with provision for distribution between municipality and schools in the same proportion as income tax levied in 1935 was apportioned.

Newfoundland Accounts Show Deficit of $996,117

Excluding both receipts and expenditures in respect to colonial development schemes, Newfoundland met with a deficit of $996,117 in the fiscal year ended June 30, 1935.

Ordinary revenue of the Commission of Government amounted to $9,556,909, compared with $8,518,984 in the previous year. To this was added $1,168,478 from the colonial development fund and $1,704,000 from the British Government as grants-in-aid, making a total of $12,429,387.

Expenses increased from $10,273,731 in 1934 to $11,634,872, largely due to the application of more than $1 million to development schemes.

Dividends Declared

	This payment	Date payable	Date of record
Agnew Surpass	20c	Mar. 2	Feb. 15
Do., pref.	$1.75	Apr. 1	Mar. 16
Acadia Sugar pf.	7½c	Mar. 2	Feb. 15
Do., on arrears	7½c	Mar. 2	Feb. 15
Do., pf. (£1)	0.073	Mar. 2	Feb. 15
Do., arrears	0.073	Mar. 2	Feb. 15
Acme Glove pf.•	95c	Apr. 1	Mar. 31
Do., arrears	56¼c	Apr. 1	Mar. 31
Anglo-Can. Tel. 'A'	12½c	Mar. 2	Feb. 15
Bonded Corp. tr. cert.	10c	Mar. 1	Feb. 27
Bright, T. G.	7½c	Mar. 14	Feb. 29
Do., pref.	$1.50	Mar. 14	Feb. 29
Bk. of N.S.	$3	Apr. 1	Mar. 16
Biltmore Hats, pf.	$1.75	Mar. 14	Feb. 15
Borden Co. c.	40c	Mar. 2	Feb. 15
Bk. Can. Nationale	$2	Mar. 2	Feb. 15
Bank of Toronto	$2.50	Mar. 2	Feb. 15
Belding-Cort.	$1	Apr. 1	Mar. 14
Do., pref.	$1.75	Apr. 1	Mar. 14
Bank of Montreal	$2	Mar. 2	Jan. 31
Burt, F. N. c.	50c	Apr. 1	Mar. 10
Do. pref.	$1.75	Apr. 1	Mar. 10
Can. Vinegars	30c	Mar. 2	Feb. 15
Can. Bk. of Commerce	$2	Mar. 2	Jan. 31
Corr. Pap. Box, pf.	$1.75	Mar. 1	Feb. 15
Canadian Oil, pf.	$2	Apr. 1	Mar. 20
Capital Trust	$3	Mar. 2	Dec. 31
Crown Life, extra	‡25%	Mar. 20	Feb. 12
Can. & Dom. Sugar	37½c	Mar. 2	Feb. 15
Can. Indust. A & B	$1	Apr. 30	Mar. 31
Do., pref.	$1.75	Apr. 15	Mar. 31
Cosmos Imp.	20c	May 15	....
Corp. Investors	5c	Feb. 15	Jan. 31
Can. Perm. Mtge.	$2	Apr. 1	Mar. 14
Can. Wire Box, A	*25c	Apr. 1	Mar. 16
Dom. Textile	$1.25	Apr. 1	Mar. 14
Do., pref.	$1.75	Apr. 15	Mar. 31
Dominion Coal, pf.	75c	Apr. 1	Mar. 15
Dominion Bank	$2.50	Apr. 1	Mar. 20
Dom. Scott Inv., pf.	25c	Mar. 2	Feb. 20
Dome Mines	50c	Apr. 20	Mar. 31
East. Twps. Tel.	18c	Apr. 15	Dec. 31
Electrolux	40c	Mar. 16	Feb. 27
Do., extra	10c	Mar. 16	Feb. 27
East. Steel, pfd.	$1.75	Apr. 1	Mar. 16
Falconbridge N.	7½c	Mar. 26	Mar. 10
Granby Cons.*	$8	Mar. 10	Feb. 27
Ham. Un. Theat. pf.	$1	Mar. 31	Feb. 29
Hightower Oil	5c	Feb. 29	Feb. 27
Do., pref.	5c	Feb. 29	Feb. 27
Hinde & Dauch	12½c	Apr. 1	Mar. 14
Int. Power, 1st pf.	$1.50	Apr. 1	Mar. 14
Int. Nickel, c.	25c	Mar. 31	Mar. 2
Inter. Mining	15c	Mar. 20	Feb. 29
L. of Woods Mill. p.	$1.75	Mar. 2	Feb. 15
Loblaw, A & B	25c	Mar. 2	Feb. 14
Lake Shore M.	50c	Mar. 16	Mar. 2
Do., extra	50c	Mar. 16	Mar. 2
Maritime Trust	4%	Mar. 1	
Macassa Mines	5c	Mar. 2	Feb. 15
Mercury Oils	3c	Apr. 1	Feb. 29
McColl-Fron., c.	20c	Mar. 14	Feb. 15
McIntyre Mines	50c	Mar. 2	Feb. 1
Montreal Cot. pfd.	$1.75	Mar. 15	Feb. 29
Mitchell, J. S.	$1	Mar. 2	Feb. 14
Monarch Knit., pf.	$1.75	Apr. 1	Mar. 14
Monarch Life	$1	Jan. 2	Dec. 24
Mtl. Loan & Mtge.	50c	Mar. 16	Feb. 29
N.S. L. & Pr. pf.	$1.50	Mar. 2	Feb. 15
Nat. Biscuit, com.	40c	Apr. 15	Mar. 13
Neon P. of W. Can. pf.	$1.50	May 1	Apr. 15
N. Meth. Ldry. pf.	$1.62½	Mar. 2	Feb. 24
Pickle Crow†	5c	Mar. 31	Mar. 15
Premier Mines	3c	Apr. 15	Mar. 12
Do., extra	1c	Apr. 15	Mar. 12
Ogilvie Flour pf.	$1.75	Mar. 2	Feb. 20
Petrol Oil & Gas	2c	Mar. 1	Feb. 15
Do., bonus	2c	Mar. 1	Feb. 15
Photo Engravers	50c	Mar. 2	Feb. 15
Page Hersey	75c	Apr. 1	Mar. 14
Pioneer Gold	20c	Apr. 1	Mar. 2
Pressed Metals	25c	Apr. 1	Mar. 16
Do., extra	12½c	Apr. 1	Mar. 16
Provincial Bank	$1.50	Mar. 1	Feb. 15
Reno Gold	3c	Apr. 1	Mar. 10
Royal Bank	$2	Mar. 2	Jan. 31
Rolland Pap., pf.	$1.50	Mar. 2	Feb. 15
Sher.-Williams, p.	▲$1.75	Apr. 1	Mar. 15
Sylvanite	5c	Mar. 31	Feb. 22
Reliance Grain, pf.	$1.62½	Mar. 14	Feb. 29
R. S. Mills, A	50c	Apr. 1	Mar. 14
Do., arrears	25c	Jan. 2	Dec. 14
Siscoe Gold	5c	Mar. 14	Feb. 29
Do., extra	1c	Mar. 14	Feb. 29
S. Am. Gold & Pl.	10c	Mar. 30	Mar. 18
Third Can. Gen. Inv. Tr.	8c	Mar. 16	Feb. 29
Tor. Gen. Ins.	25c	Mar. 15	Feb. 29
Walker-Good.	50c	Mar. 16	Feb. 28
Do., pref.	25c	Mar. 16	Feb. 28
Westminster Paper	20c	May 1	....

†Initial.

▲For quarter ending May 31, 1934.

•Includes adjustment of 13¾c. for 3⅓ months ended Mar. 31, 1936; previous payments made Mar., June, Sept. and Dec. 15.

‡On paid-up value.

*On arrears. *Capital distribution.

Foreign Ideas Fostered

FOREIGN ideas and ideals, furthering foreign interests, may be best for foreign peoples but they may not be best for Canadians. The spread of Canadian ideas and ideals is vital to Canadian welfare and progress. But, foreign ideas and ideals are fostered in Canada by giving foreign periodicals preference over Canadian periodicals, through Canadian law.

In the United States

AMERICAN readers are not deluged with millions of copies of Canadian periodicals carrying fiction, illustrations, articles and features glorifying Canada's history, art, literature, industry, educational and governmental institutions. Canadian periodicals have virtually no circulation in the United States to counteract the anti-Canadian and anti-British propaganda of some sections of the United States press. But, United States publishers send millions of copies of their publications into Canada free of all the duties and sales taxes which apply to the production of Canadian periodicals. These United States publications carry into Canada annually thousands of tons of advertising matter free of duty and sales taxes. Other printed matter, such as catalogues and circulars, is subject to a duty of 12½c per pound, plus import tax and sales tax.

Publishers of United States periodicals have the advantage of serving a population ten times as great as Canada's, with all of the economies of mass production and enormous revenues. Added to this, for good measure, they have free entry into Canada — a market into which they can send their surplus copies, and in which their Canadian competitors are hampered by tariff-enhanced and tax-increased costs from which United States publishers are free.

United States publishers procure their raw materials — paper, ink, engravings, etc., at much less than these can be purchased by Canadian publishers. Equipment, which is not made in Canada, is from 5c to 33⅓c on every dollar cheaper in the United States.

For every dollar spent on editorial contents and illustrations the United States publisher can secure revenue based upon service to millions of readers. Canadians must purchase literary and artistic material of equal or greater merit to serve one-tenth the number of readers.

The savings enjoyed on material and equipment by United States publishers are so great that Canadian publishers might save hundreds of thousands of dollars per year on these items by publishing in the United States, and shipping their publications to Canadian readers duty free — thus saving huge sums that could be used to expand the service now rendered to the people of Canada.

Action Urgently Needed

THE preservation and growth of Canadian unity, Canadian ideas, Canadian industry and Canadian institutions demand that the government of Canada take adequate action to give Canadian periodicals equal opportunities in their own country. Canadian publishers ask no odds and do not advocate a tariff on foreign periodicals. They now publish the best periodicals in the world for Canadian readers — periodicals that will continue to be a vital force in Canada, offsetting foreign influences and fostering Canadianism in all spheres of national life.

By the removal of all duties, excise and sales taxes which increase the cost of Canadian periodicals, but which do not apply to foreign periodicals, and by restoring the pre-depression postal rate, the government of Canada can give Canadian periodicals a more even chance to offset the spread of foreign ideas in Canada.

Canadian Ideas Stifled

THE Canada-United States Trade Agreement, under which United States periodicals enter Canada free, stifles the spread of Canadian ideas and ideals, because under present government regulations Canadian periodicals are forced to bear tariff-enhanced and tax-increased costs. Canadian law now encourages foreign periodicals in the spread of foreign ideas in Canada and hampers Canadian periodicals in the spread of Canadian ideas in Canada.

In Canada

CANADIAN readers are deluged with millions of copies of United States periodicals containing fiction, illustrations, articles and features, glorifying United States history, art, literature, industry, educational and governmental institutions, some of which are anti-Canadian and anti-British. No exception is taken to the publication of such material in the United States, but the wide circulation of it in Canada makes it imperative that vigorous Canadian periodicals be fostered and maintained to offset it. When Canadian periodicals are compelled to bear heavy tariff-enhanced and tax-increased costs, from which U. S. competitors are free, the situation calls for immediate remedy.

Raw materials used in Canadian periodicals are made in Canada, but because of duty-enhanced prices plus taxes imposed, they cost Canadians much more than similar materials cost foreign competitors.

These heavy added costs do not enter into the cost of producing foreign publications, which enter Canada free of duty or sales taxes. A train which might bring thousands of tons of foreign periodicals into Canada absolutely free of any tax on either the publication, or the paper or other raw materials contained in them, might carry paper for a Canadian publisher which would be increased in cost by 22½% to 32½% duty, plus 3% import tax and 6% sales tax. Other raw materials are similarly free when sent in by foreign publishers as finished publications but are subject to added costs of from 15c to 30c (plus sales and excise taxes) on every dollar if they are to be used in the manufacture of Canadian publications. The plant equipment used by Canadian publishers, practically none of which is made in Canada, costs from 5c to 33⅓c (plus sales and excise taxes) on every dollar over the cost of the same equipment to foreign competitors (except presses and typesetting machines). From 90 to 100 items of equipment and supplies are subject to duties, sales and excise taxes.

Simple Justice the Remedy

CANADIAN periodicals are now subject to the following tariff-enhanced and tax-increased costs which do not apply to foreign competitors:

1.—Duties ranging from 5% to 33-1/3% on 90 to 100 items of plant equipment (presses and typesetting machines are duty free).

2.—Sales tax and excise tax on all materials and plant equipment.

3.—Duties—22½% to 32½% on paper; 17½% on ink; 15% on original engravings; 22½% on art work—to which are added sales and excise taxes.

4.—Duty of 12½c per pound, or 22½%, plus sales and excise taxes, on inserts imported into Canada to be inserted into Canadian publications, the same inserts entering Canada duty free when bound in United States publications.

The removal of the foregoing and all other duties and taxes applying to Canadian periodicals, which do not apply to foreign periodicals, and the restoration of the pre-depression postal rate, would be simple justice, giving Canadian periodicals fair play in extending their services to Canadian readers, widening the spread of Canadian ideas.

1928 — In 1928 the Hon. James A. Robb, Minister of Finance in the Liberal Government of the day, took important steps toward giving Canadian periodicals an even chance in Canada.

1936 — It is hoped that the Hon. Charles A. Dunning, Minister of Finance in the Liberal Government of today, will take adequate action in the 1936 budget. It is inconceivable that the Canadian Government will refuse to give Canadians equal advantages with foreign publishers in Canada.

PUBLISHED BY CANADIAN NATIONAL NEWSPAPERS AND PERIODICALS ASSOCIATION, TORONTO

INSURANCE SALES GAIN 4 PER CENT DURING JANUARY

Ontario Leads Increase But Three Other Provinces Show Advances

Sales of ordinary life insurance increased nearly 4 per cent during January compared with the corresponding figure in 1935 according to figures prepared by the Sales Research Bureau. The January, 1936 total of $34.2 millions is the best for that month since 1932. January is normally a slacker month for insurance sales than December but the decline this year was considerably less than usual.

Analyzed by areas, Ontario, with nearly 50 per cent of total sales, showed a gain of 7 per cent. British Columbia showed a 22 per cent improvement while Nova Scotia's sales were 13 per cent higher. The only other area to show an increase over January, 1935 was Saskatchewan where sales were 2 per cent higher. Ontario was the only province to produce more business in January than in December.

U.S. Total Slumps

January insurance sales figures in the United States show a startling decline in January the volume of new ordinary business being 25.6 per cent below figures for the same month a year ago. Against this decline, group insurance showed a gain of almost 50 per cent while industrial business was 1.5 per cent lower. Total sales for all types of business in the United States was 17.4 per cent less than in January, 1935.

Comparative Figures

Comparative figures as compiled by the Bureau based on returns from 19 companies having 90 per cent of the business in force in Canada and Newfoundland, follow:

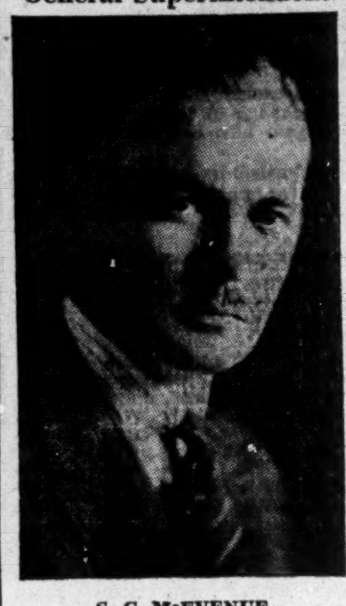
Insurance Sales by Areas
(000's omitted)

	1936 Jan., $	1935 Jan., $	1935 Dec., $
British Columbia ..	2,454	2,018	3,055
Alberta	1,313	1,446	1,770
Saskatchewan	1,162	1,133	1,476
Manitoba	1,537	1,627	1,749
Ontario	16,746	15,672	15,487
Quebec	8,869	8,921	9,836
New Brunswick	675	740	1,046
Nova Scotia	1,201	1,061	1,549
Prince Ed. Island ..	94	98	166
Newfoundland	170	272	416
	34,221	32,988	36,550

Sales by Months, 1933-1936
(000's omitted)

	1933 $	1934 $	1935 $	1936 $
Jan.	29,928	27,728	32,988	34,221
Feb.	28,095	29,036	28,716	.....
March	31,768	32,564	31,416	.....
April	30,591	33,296	28,900	.....
May	31,916	33,184	27,423	.....
June	34,114	32,277	32,112	.....
July	32,165	33,951	32,155	.....
Aug.	29,749	26,659	26,854	.....
Sept.	27,443	26,123	26,696	.....
Oct.	33,434	31,342	30,416	.....
Nov.	36,061	35,863	35,158	.....
Dec.	36,967	37,691	36,550	.....

General Superintendent



S. C. McEVENUE

Who has been appointed general superintendent of Canada Life Assurance Co. to succeed A. Gordon Ramsay, who has retired as assistant general manager and general superintendent due to ill health.

Now in England on a special mission for the company, "Sinc" McEvenue joined Canada Life in 1927 as the company's western supervisor. Engineer, flier, rugby ace and coach he returned from the war to a partnership in the general agency of Seitz and McEvenue from which he became manager for Great-West Life in Western Ontario and subsequently superintendent of agencies for National Life.

He joined Canada Life in 1927—two years later was made assistant superintendent at home office and in 1930 a company superintendent with particular jurisdiction over the company's British Isles division.

All Canada Federation Adds Casualty Insurers

Membership of the All Canada Fire Insurance Federation has been enlarged to include casualty and automobile insurance companies. As a result of this move, the name of the organization has been changed to All Canada Insurance Federation.

The federation has been considered the mouthpiece of the fire companies on matters of legislation and taxation. It is expected this field will be widened to include much the same facilities for the new branches of membership. All legislative matters pertaining to insurance will then come within the scope of the organization with the exceptions of: Marine, life, inland transportation, boiler, tornado, hail and credit insurance.

Some of the legislative work formerly done by the Canadian Automobile Underwriters' Association and the Canadian Casualty Underwriters' Association before their merger into the Canadian Underwriters' Association may now be taken over by the federation.

182 Members

Membership at present comprises some 182 companies. No appreciable addition is expected to result from the widened field, as most members are multiple line companies, writing casualty and automobile as well as fire insurance. Relatively few companies write casualty business exclusively.

Officers re-elected at the recent annual meeting were W. E. Baldwin, president, J. A. Blondeau and R. L. Stailing, vice-presidents. In addition, L. C. Evans, of the London and Lancashire Guarantee & Accident Insurance Co., was appointed a vice-president.

Mutual Citizens New Insurance $6 Millions in '35

Mutual Life and Citizens Assurance Co. paid for slightly less than $6 millions of new insurance in Canada in 1935, according to figures given The Financial Post this week. Although this is considerably lower than the corresponding figure for 1934, it is a larger total than in either 1931, 1932 or 1933.

Business in force in Canada now stands at $30.5 millions, which represents a slight decline from the previous year. Assets in Canada at $8.2 millions are lower by almost $2 millions than at the end of the previous year due to the withdrawal by the company of excess moneys held over and above the amount required to meet Federal Government deposit requirements.

Canada Business Of Manufacturers Is $256 Millions

Approximately half the total business in force of the Manufacturers' Life Insurance Co. is held in Canada, according to detailed analysis prepared recently by the company. Out of $520 millions, the total Canadian business in force is $256 millions.

The next largest territory is United States, with 16.8 per cent of total business.

Comparative figures of geographical distribution of business follow:

Territory:	Amount $	% of Total %
Canada	256,140,483	49.3
United States	87,497,795	16.8
India	28,421,252	5.5
Great Britain & Ireland	27,509,149	5.3
West Indies	23,210,749	4.5
China and Hong Kong..	19,985,672	3.8
Japan	16,425,878	3.2
South Africa	15,188,706	2.9
*Southern Asia	13,535,687	2.6
Central & South America	8,899,685	1.7
Egypt	8,305,878	1.6
Newfoundland	5,044,469	.9
Group & miscellaneous	9,791,192	1.9
Total	519,956,595	100.0

*Includes Straits Settlements, Federated Malay States, Siam, Java and Philippine Islands.

Foster Sees End in Sight Of Federal-Provincial Battle

Belief that within a comparatively short time every insurer transacting insurance in two or more provinces of Canada will be registered at Ottawa, leaving individual provinces controlling "company solvency" only in respect of their own companies carrying on business solely within the limits of their own provinces, was voiced last week by R. Leighton Foster, K.C., general counsel, Canadian Life Insurance Offiers' Association, in an address before the Insurance Institute of Toronto.

"When this day comes," said Mr. Foster, "people who have watched the dominion-provincial controversy with growing apprehension over a term of years, will have grounds for confidence that the controversy has been finally ended and that the Dominion and the provinces will in future work together without duplication of efforts, each in its respective important sphere for the betterment of the insurance business in Canada."

Mr. Foster recalled that a few years ago, when the contest between the Dominion and the provinces was being waged, and the Dominion was denying admission to certain British and foreign insurers and underwriters which the provinces thought should be admitted to Canada, a number of foreign insurers were admitted and licensed by the provinces, notwithstanding that they did not have a Dominion license. "Today," he said, "that situation is almost completely changed. Practically every British and foreign insurer transacting business in Canada is registered at Ottawa. In addition, many insurers incorporated by provincial law are voluntarily applying for Dominion registry."

Mill Owners' Policies Made Non-assessable

All policies written by the Mill Owners Mutual Fire Insurance Co. of Iowa have been made non-assessable, and henceforth all policies will be dividend paying. The changes are effective from Jan. 1, 1936.

Until the beginning of this year, the company had written on both cash and mutual plans. Mutual policyholders were liable for one year's assessment in the event of financial difficulties.

The company is now licensed in all provinces of the Dominion, with the exception of Prince Edward Island.

Manufacturers Life Names Club Officials

E. G. Davis of Chicago has been elected president of the $200,000 Club of the Manufacturers' Life Insurance Co. The two vice-presidents of the club are J. B. Tudhope of Chicago and J. Hern, South Africa.

Officers of the company's $100,000 Club for 1936 are S. Chatterjee, Calcutta, president; A. M. G. Philiptens of South China. Territorial vice-presidents include S. I. Martins of British Guiana, representing Western Abroad Agencies; J. H. Rean of Calcutta, Eastern Abroad Agencies; A. H. Graves, Saginaw, United States Agencies; G. M. B. Morton, Montreal South, Eastern Home Agencies; H. Emery, London, Central Home Agencies; W. G. Chapman, Brandon, Western Home Agencies.

Portage la Prairie Elects Two Directors

At the annual meeting of the Portage la Prairie Mutual Insurance Co., D. L. Campbell was elected a director to fill the remaining full term vacancy on the board. E. D. Alder was elected for a part term, and A. G. Hall, who has been acting treasurer was appointed treasurer.

The company now confines its underwriting to fire and windstorm insurance, all casualty lines having been either cancelled out or reinsured during 1935.

RELIANCE
INSURANCE COMPANY
of
CANADA
· Montreal ·
Property Insurance

HARDWARE GROUP LOSSES IN CANADA REPORTED HIGHER

Some Dividends Increased — Set Up Rate Department

The Federal Hardware & Implement Mutuals, formerly known as the Canadian Hardware & Implement Underwriters, report a loss ratio of about 46 per cent in 1935, compared with about 26½ per cent in the two previous years. Although the annual report is not yet available, it is understood that about $713,000 in premiums was written during the year.

While loss ratio on Canadian business was higher, it is expected that the entire business of the three companies for which the Federal Hardware & Implement Mutuals is underwriting agent, will show a ratio in line with, or even lower than, the 1934 figure of less than 30 per cent.

Non-assessable

Removal of the assessment feature, whereby policyholders of the Hardware Dealers Mutual Fire Insurance Co. were liable for one year's premium in the event of liquidation, was completed at the beginning of this year. This feature was discontinued on policies of the other two companies in the group, the Minnesota Implement Mutual Fire Insurance Co. and the Hardware Mutual Fire Insurance Co. of Minnesota late last summer. The entire contract is now non-assessable, this provision being extended to all policies now in effect as well as to those which may be written in future.

The companies have made some upward adjustments in dividends paid in certain of the lower brackets. For example, grocery stores and meat markets which formerly were entitled to a dividend of 30 per cent, now are in line to receive 35 per cent. And the 30 per cent dividend paid on public properties, such as schools, churches, etc., has been raised to 40 per cent. It is understood that dividends will fluctuate as earned.

Set Up Rate Department

Canadian business all of which is written under the name of Federal Hardware & Implement Mutuals and is equally divided between the three companies, is no longer based on tariff rates. During the year a separate rate department was set up to determine rates in Ontario and Quebec. In speaking at the annual meeting of the Ontario Retail Hardware Association, F. B. Dalgleish, manager, claimed that the previous arrangement, whereby risks were usually written at tariff rates with dividends paid to policyholders based on the type of risk, had not proved satisfactory in that good risks had not always received the consideration they deserved.

Another innovation last year was a sales correspondence department to answer enquiries from policyholders and to get in touch with new prospects.

The change in the organization's name, which was effected just recently, will not alter in any way the plan of operation, or the existing personnel. Reason for the change is said to be to shorten the name and to bring it into line with other departments of the business.

In referring to the criticism which competitors direct against the organization, Mr. Dalgleish stated: "We ask that you do not go to your local agents for advice in such cases. Some of them will give you a fair report, but you won't always get a straightforward answer. Take up such matters with the Insurance Department at the parliament buildings."

S. CARLTON has been appointed Provincial Fire and Casualty Agent for Quebec by the Pearl Underwriters Agency. Offices will be located in the Insurance Exchange Building, St. James Street, Montreal. Mr. Carlton was formerly Superintendent of Agencies of the Insurance Company of North America group.

Insurance Reports

Saskatchewan Life

A gain of 23 per cent in new business issued in 1935 is reported by Saskatchewan Life in its 22nd annual report. Business in force at the end of the year increased $305,000 to a total of $8.5 millions. New business paid for increased 7.4 per cent.

First year premiums were larger by 12 per cent while renewal premiums declined 3 per cent. Income from interest, rents, etc., increased 20 per cent. The gross rate of interest earned was 4.85 per cent compared with 3.38 per cent in 1934.

Analysis of assets shows 23 per cent in farm mortgages; 21 per cent in urban mortgages; 18 per cent in bonds; 29 per cent in policy loans; 8 per cent in real estate.

Comparative figures follow:

Saskatchewan Life

	1935 $	1934 $
New ins. issued	2,109,353	1,700,669
New ins. paid for	1,167,000	1,087,000
Prem. income	229,956	223,373
Interest, rents, etc. ..	87,297	71,931
Total assets	2,046,950	2,064,910
Bus. in force	8,489,336	8,184,224

General America

The 1935 statement of the General America Insurance Companies shows substantial increases in premiums written, in policyholders' surplus and in total assets. Net premiums written by the General Insurance Co. of America and the First National, combined, amounted to $5.1 millions, almost $1 millions above the 1934 total, and those written by the General Casualty Co. of America, third company in the group, rose by $306,000 to $2,127,000.

Bonds and stocks, which form the bulk of the companies' assets, are carried at substantially below market values. Special reserve for unknown contingencies was increased during the year by $550,000 to $650,000.

Comparative figures on the companies' position are:

General and First National	1935 $	1934 $
Net prems. written .	5,114,000	4,140,000
Res. of unearned prems.	4,537,000	3,614,000
Policyholders' surplus	6,119,000	4,314,000
Assets	12,226,000	9,348,000
General Casualty Co.		
Net prems. written ..	2,127,000	1,821,000
Reserve of unearned prems.	1,159,000	970,000
Policyholders' surplus	1,443,000	1,264,000
Assets	3,414,000	2,918,000

Lumbermen's Mutual

The highest earnings in the company's history are reported for 1935 by the Lumbermen's Mutual Casualty Co., of Chicago. Underwriting and investment earnings for the year amounted to $4,003,438, almost $1 million above those of the previous year. Premium income at $20.3 millions was more than $2 millions greater than in 1934, this being the 23rd successive increase.

Additional dividends of $2,950,721 were returned to policyholders during the year, bringing the total paid for losses and returned to policyholders in dividends since organization to $82.4 millions. After providing for known and contingent liabilities and reserves, net cash surplus was increased from $2.5 millions to $3.1 millions.

Net admitted assets were up $3.1 millions to $22.6 millions. The relative holdings of cash and government bonds increased during the year, the proportion of these to all invested assets now being 58.9 per cent, as against 52.5 per cent a year ago. Investment in stocks also rose during the year, these accounting for 11 per cent of invested assets.

Northwestern Fire

The Northwestern Mutual Fire Association reports dividends paid to policyholders in Canada and the United States in 1935 of $1,098,428, slightly over $100,000 more than in the preceding year. Losses during the year amounted to $1,839,682, as against $1,726,316 in 1934. No figures on premiums written or on the Canadian experience are yet available.

Total assets increased last year by about $500,000 to $5,984,877. Net surplus rose 21 per cent to $1,720,751.

Portage la Prairie

The 1935 annual report of the Portage la Prairie Mutual Insurance Co. shows substantial changes from the previous year. These can be attributed chiefly to the company's withdrawal from casualty lines during the year.

Total assets now stand at $622,994, compared with $902,447 in 1934, these figures not including unassessed premium notes, which in 1935 amounted to $550,991. Securities are carried at $36,487 under market quotations. After provision for unpaid losses, unearned premiums, reinsurance and taxes, surplus assets are $323,033, as against $416,574 in the preceding year. Collections on premium note business were good, standing at 87 per cent at the year end.

Canadian Fire

The Canadian Fire Insurance Co. reports higher premium income and a more favorable loss ratio for 1935 compared with the preceding year. Gross premium income at $814,890 was up more than $90,000 and net premiums at $625,534 more than $50,000 from the 1934 total. Ratio of losses to earned premiums dropped from 35.2 per cent to 34.5 per cent.

As a result of the year's operations, free surplus was increased by $36,000 to $786,438, after payment of dividends of eight per cent.

The balance sheet shows total assets at $2,692,016, the most important item being investments in bonds and stocks which after reserves are carried at $1,231,444. This figure is $65,000 under the market valuation at the year end. Reserves show an increase from the previous year.

Comparative figures on the company's operations are as follows:

	1935 $	1934 $
Gross prem. income ..	814,890	723,551
Net prem income	625,534	575,011
Loss ratio (earned) ...	34.5%	35.2%
Expense ratio	47.6%	47.8%
Assets	2,692,016	2,575,528
Free surplus	786,438	750,374

"Canada's Largest Fire Mutual"
The WAWANESA MUTUAL INSURANCE CO.
Ranks 3rd against all companies on total volume of fire business written in Canada
FIRE WINDSTORM SPRINKLER LEAKAGE AUTOMOBILE
LIABILITY DOCTORS' AND DENTISTS' LIABILITY PLATE GLASS
Head Office—WAWANESA, Man.
Eastern Office—341 CHURCH ST., TORONTO, Ont.
Branches also at Vancouver, B.C.; Edmonton, Alta.; Regina, Sask.; Winnipeg, Man., Montreal, P.Q., and Saint John, N.B.

A Symbol of STABILITY

Guaranteed Objectives

No investment other than life insurance permits you to create an instant estate for business or family protection, which can be paid for by instalments if you live, and in which *all further indebtedness will be cancelled if you die.* Financial objectives programmed through life insurance are guaranteed complete achievement.

THE GREAT-WEST LIFE ASSURANCE COMPANY
HEAD OFFICE ··· WINNIPEG
See A Great-West Man

BRITISH NORTHWESTERN
FIRE INSURANCE COMPANY
reports sound, continuous progress

The Company was incorporated under the Statutes of the Province of Manitoba in 1906 as "The Freehold Fire Insurance Company." In the same year the name was changed to "The Prince Rupert Fire Insurance Company." In 1908 the name was again changed to the "British Northwestern Fire Insurance Company." In 1910 the Company was incorporated by an Act of the Parliament of Canada, and Dominion Licence issued in 1912.

The Assets of the Company were:

in 1920	$ 512,457.24
" 1925	644,074.55
" 1935	1,001,480.31

The Surplus now amounts to $436,514.53 and in addition the Company has a General Reserve Fund of $150,000.00.

The Company writes a general Fire and Casualty business, operating in all the Provinces of Canada with the exception of New Brunswick and Prince Edward Island.

FINANCIAL STATEMENT
FOR YEAR ENDING DECEMBER 31st, 1935

ASSETS		LIABILITIES	
Cash on Hand and in Bank.....	$ 23,180.68	Provision for Unpaid Claims...	$ 10,247.60
Agents' Balances and Premiums Uncollected	41,456.25	Accounts Payable	6,732.91
Accounts Receivable	1,932.49	Taxes Due and Accrued	11,047.59
Due From Affiliated Company.	1,098.56	Due to Affiliated Companies...	15,115.82
Investments— Bonds, Debentures and Stocks	923,534.23	Reserve for Bad Debts	3,000.00
Interest Accrued	9,466.80	Reserve for Unearned Premiums	120,122.56
Prepaid Expenses	811.20	Capital Stock Paid In	248,699.20
		General Reserve Fund	150,000.00
		Surplus	436,514.53
	$1,001,480.21		$1,001,480.21

Signed on Behalf of the Board:
J. H. RIDDEL, Director
H. T. FAIRLEY, Director

DIRECTORS

S. A. Bennett, London, Eng.
F. S. Corrigan, Toronto
W. H. Despard, Toronto
H. T. Fairley, Toronto
S. Fairley, Toronto
H. T. Humphrey, Montreal
Sir Edward M. Mountain, Bart., J.P., London, Eng.
Brian E. S. Mountain, London, Eng.
J. H. Riddel, Toronto
W. E. Young, Toronto

HEAD OFFICE — TORONTO
President and Managing Director — J. H. RIDDEL
V. G. CREBER, Assistant Manager S. FAIRLEY, Secretary
BRANCH OFFICES
WINNIPEG—A. C. Ruby, Branch Manager VANCOUVER—M. Nevill, Branch Manager

GENERAL AMERICA COMPANIES
GENERAL INSURANCE COMPANY OF AMERICA
FIRST NATIONAL INSURANCE CO. OF AMERICA
GENERAL CASUALTY COMPANY OF AMERICA

ANNUAL STATEMENTS GENERAL AMERICA COMPANIES DECEMBER 31, 1935

H. K. DENT, President
SEATTLE, WASHINGTON

CANADIAN HEAD OFFICE — VANCOUVER, B.C.
Sixth Floor, Standard Bank Building

ONTARIO BRANCH
34 Toronto St., Toronto, Ont.

QUEBEC BRANCH
465 St. John St., Montreal, P.Q.

ASSETS	General Insurance Company of America	** Combined First National and General	General Casualty Company of America
Cash in Banks and on Hand	$ 801,577.03	$ 826,749.31	$ 171,411.18
*Government Bonds	2,307,809.41	2,539,008.66	391,496.25
*Other Bonds	3,893,479.76	4,060,024.26	2,150,551.30
*Stocks	3,178,662.00	3,178,662.00	224,373.00
Mortgage Loans	482,605.21	482,605.21	50,000.00
Real Estate	56,889.45	56,889.45	....
Premiums in Process of Collection	978,587.43	978,587.43	389,235.01
Accrued Interest	79,406.36	83,105.03	37,237.32
Other Admitted Assets	20,140.78	20,140.78	....
Total	$11,799,157.43	$12,225,772.13	$3,414,304.06
LIABILITIES			
Reserve of Unearned Premiums	$ 4,536,896.92	$ 4,536,896.92	$1,159,100.54
Provision for Unpaid Claims	521,546.27	521,546.27	687,846.71
Provision for Commissions, Taxes and Expense	375,010.19	375,745.58	108,053.04
Funds Held Under Reinsurance Treaties	463,619.53	463,619.53	16,128.03
Provision for Dividends to Policyholders	209,000.00	209,000.00	....
Capital	1,000,000.00	1,250,000.00	550,000.00
Special Provision for Unknown Contingencies	650,000.00	650,000.00	75,000.00
Net Surplus	4,043,084.52	4,218,963.83	818,175.74
Total	$11,799,157.43	$12,225,772.13	$3,414,304.06
Policyholders' Surplus	$ 5,693,084.52	$ 6,118,963.83	$1,443,175.74

*Bonds are stated at Amortized or Investment Values, stocks at values approved by the National Convention of Insurance Commissioners, and by the Association of Superintendents of Insurance of the Provinces of Canada.

On basis of December 31, 1935, market quotations for all bonds and stocks owned, the
General Insurance Company's total Admitted Assets would be increased to $11,947,083.26 and Policyholders Surplus to $5,841,010.35
Combined First National & General " " " " $12,402,554.21 " " $6,295,745.91
General Casualty Company's " " " " $ 3,507,675.51 " " $1,536,547.19

** All policies of the First National Insurance Company are entirely reinsured and guaranteed by the General Insurance Company, wherefore First National Policyholders are protected by the combined resources of both companies.

GROWTH OF COMPANIES IN PERIODS OF YEARS: —

GENERAL INSURANCE COMPANY OF AMERICA:

	Assets	Premiums Written	Surplus to Policyholders	Unearned Premiums
1923	$1,466,000	$ 340,000	$1,266,000	$ 166,000
1926	4,140,000	2,721,000	2,004,000	1,744,000
1929	6,373,000	3,624,000	2,293,000	3,040,000
1932	7,574,000	2,866,000	3,111,000	2,596,000
1935	11,799,000	5,114,000	5,693,000	4,537,000

GENERAL CASUALTY COMPANY OF AMERICA:

	Assets	Premiums Written	Surplus to Policyholders	Unearned Premiums
1925	$ 484,000	$ 217,000	$ 301,000	$ 106,000
1927	829,000	533,000	369,000	274,000
1929	2,094,000	1,063,000	1,229,000	520,000
1931	2,402,000	1,419,000	1,216,000	677,000
1933	2,712,000	1,472,000	1,083,000	802,000
1935	3,414,000	2,127,000	1,443,000	1,159,000

"GENERAL" Protection and Service—None Better at Any Price!

Bank Chat

Preferred Creditors

BANKS have come in for a good deal of criticism, particularly in the west, from merchants and other creditors who are affected by debt legislation. Why, it is asked, should the banks receive preferred treatment?

In many cases there is a perfectly good reason. Banks do not usually loan money unless the borrower is short of working capital. In facilitating business in this way, they are acting in the interest, not only of the borrower, but of his creditors as well. If a loan were refused, a crisis might develop, or in any event business would be lost, whereby creditors might lose a good deal of their security.

* * *

Government Financing

ONE of the functions of the Bank of Canada is to assist in government financing—apart altogether from purchase of bonds. A practical indication of its operations in this respect has been to facilitate use of treasury bills as a form of short term financing. Until fairly recently short term loans were made by the chartered banks to the Dominion treasury. The market for treasury bills in Canada was restricted and the banks were rather reluctant to take them up.

Now, however, the central bank provides a ready market for the bills and as a result they have been readily sold at considerably lower rates. It has naturally meant some loss of revenue to the banks, as the short term loans carried a higher yield than the bills. It has also meant that the banks have been less eager to hold liquid balances in the London and New York money markets.

* * *

Counterfeit Bills

COUNTERFEIT Bank of Canada notes have made their appearance in the West. They have been reported in capitals of three provinces, Winnipeg, Edmonton and Regina. And Calgary banks and merchants have been warned to scan ten dollar bills very carefully.

The counterfeit notes are alike in that all are ten-dollar bills "raised" from twos. The workmanship is crude, but might pass muster on a casual glance. One feature makes identification of the bogus bills easy. The portrait of Queen Mary, which appears only on the two-dollar bills, has been left intact. Good tens carry a picture of Princess Mary.

* * *

Money to Spare

SOME of the larger trust and loan companies are now in the unusual predicament of having too much money. As a consequence, they have been refusing to issue additional investment certificates. Exceptions are sometimes made in the case of old clients, but new money is generally being turned down flat.

Apparently the problem of investing funds so as to yield a larger return than the 3½ and 4 per cent carried by most certificates has proved a bit too hard to handle in view of the existing glut on the money market. One of the companies in the Maritimes claims the low yield on securities has directed investors to mortgages, with the result that the available supply of suitable mortgages has declined.

As far as building is concerned, mortgage company officials state that improvement is expected over the next two years, and would be considerably accelerated if some relief from taxation and from "red tape" surrounding the Housing Act could be granted.

* * *

Chinese Notes

CHINA may be reluctant to switch from silver to paper currency, but according to Stuart Mosher, in the "Coin Collector's Journal," that country was one of the first to use paper notes.

When Marco Polo returned from China back in the 13th century, he reported use of paper notes as one of the curious customs of the people there. The notes he described as made from the bark of a mulberry tree and stamped in a printing press. As many of his listeners had never heard of printing, much less paper money, Polo was derided.

However, after the Boxer rebellion, some European soldiers found a bundle of notes similar to those reported by Polo, when looting a Chinese temple. They are about nine by thirteen inches in size, printed on a coarse, dark grey paper and were issued by the first Ming emperor, Hung-wu, between 1368 and 1399. The value is represented by an illustration of ten strings of cash in the centre of the note, indicating that it is equal to 1,000 cash. The accompanying Chinese inscriptions when translated read: "Great Ming General Circulation Treasury Note, to be current under the heavens." At the bottom of the note is the curt warning that "counterfeiters will be beheaded."

FIDELITY
Insurance Company
of Canada
TORONTO

Canadian Pacific Express
Travellers Cheques
Are World Currency
Carry them on your next trip and be assured of travel comfort.
Get them from any agent of the Canadian Pacific & most Banks

BANK DEBITS SHOW INCREASE OF 20 PER CENT

Gains Recorded in All Areas — Security Trading Active

Financial transfers in the form of bank debits rose to $2,992 millions in January, compared with $2,932 millions in the previous month. Although in terms of actual amount this increase was relatively small, it was contra-seasonal. As a result, the seasonally adjusted gain over December amounted to 20.4 per cent.

Gains were recorded in all economic areas, particularly in the prairies where the adjusted figure was 39 per cent over the preceding month. The larger centres, such as Montreal, Toronto and Winnipeg made substantial contributions to the increase, much of which can be attributed to more active security markets.

Turnover of bank deposits, represented by the percentage of bank debits to demand and notice deposits in Canada was 140.7 per cent in January, compared with 135.3 per cent in the same month in 1935.

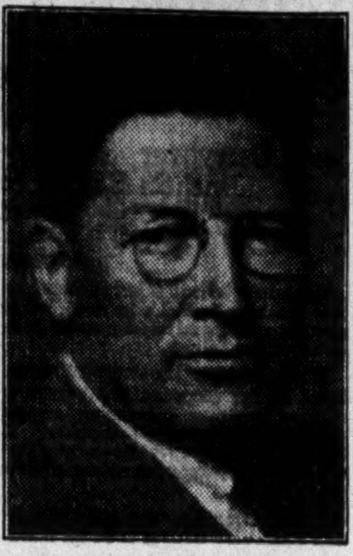
Debits to Individual Accounts

	January 1936	January 1935
Maritime Provinces—	$	$
Halifax	29,544,171	23,080,058
Moncton	7,258,272	6,709,757
Saint John	13,556,760	13,719,079
Total—Maritime Provinces	50,359,203	43,508,894
Quebec—		
Montreal	780,891,441	725,833,501
Quebec	42,823,363	50,272,027
Sherbrooke	5,321,124	5,166,721
Total—Quebec	829,035,928	781,272,249
Ontario—		
Brantford	7,857,603	6,726,930
Chatham	11,270,246	6,610,589
Fort William	3,899,022	3,826,418
Hamilton	49,924,642	41,888,994
Kingston	4,993,305	4,332,212
Kitchener	9,948,315	8,840,715
London	35,977,586	29,063,729
Ottawa	108,616,136	145,811,562
Peterborough	5,131,351	4,333,921
Sarnia	6,640,556	5,726,559
Sudbury	4,779,471	3,804,323
Toronto	1,017,711,170	1,009,057,678
Windsor	45,630,274	19,447,018
Total—Ontario	1,312,379,677	1,289,470,648
Prairie Provinces—		
Brandon	2,056,706	2,299,215
Calgary	49,296,280	45,101,575
Edmonton	37,595,418	37,414,442
Lethbridge	3,580,068	3,374,461
Medicine Hat	2,090,809	1,731,307
Moose Jaw	4,549,382	4,443,138
Prince Albert	1,861,963	1,485,510
Regina	33,475,062	35,138,674
Saskatoon	8,517,573	7,113,964
Winnipeg	491,942,890	297,288,457
Total—Prairie Provinces	634,966,171	435,390,743
British Columbia—		
New Westminster	5,022,875	3,924,732
Vancouver	137,678,041	109,348,308
Victoria	22,626,344	19,134,644
Total—British Columbia	165,327,260	132,407,684
Total for Can.	2,992,068,239	2,682,050,218

Bullion Imports

Silver bullion imports during December were valued at $535,199 compared with $712,199 in December, 1934.

Capital Trust Director



F. D. BURPEE

Who has been appointed a director of Capital Trust Co. Mr. Burpee is vice-president of the Ottawa Electric Railway Co. and also of the Ottawa Traction Co.

BANKS CONSIDER SERVICE CHARGE RATE SCHEDULE

Committee Debates Advisability of Joint Action

A committee representing the various Canadian chartered banks is at present debating the advisability of joint action in levying a schedule of charges for some of the services which are now free.

A report is expected in the not too distant future. Any action arising from its recommendations would probably be gradual, each phase of the question being dealt with separately.

Change Not General

The existing situation has been considered very unsatisfactory, particularly in regard to chequing services. Charges for this service, especially since the depression began, with consequent tightening up on expenses, have been the cause of much friction. Most of this, it is believed, has been due to the fact that the charges have not been levied by all banks, or by all branches of the same bank. The result has been that, when assessed a service charge, the depositor simply transfers his account to another bank which is not as strict.

In the past, branch managers have been left pretty much on their own as far as imposing the charges was concerned, although pressure may have been indirectly exerted by head office. When levied, charges have generally been on the basis of five cents for each cheque, with a minimum monthly minimum of 50 cents

T. P. Mackenzie Chairman Hamilton Clearing House

T. P. Mackenzie, manager of the Canadian Bank of Commerce, was elected chairman of the Hamilton Clearing House at the recent annual meeting.

Other officers are as follows: Vice-chairman, John Stephen, Bank of Toronto; sec.-treas., A. C. Rowe; committee, T. Peacock, Royal Bank, N. Evans, Dominion Bank and A. L. Woodrow, Bank of Nova Scotia.

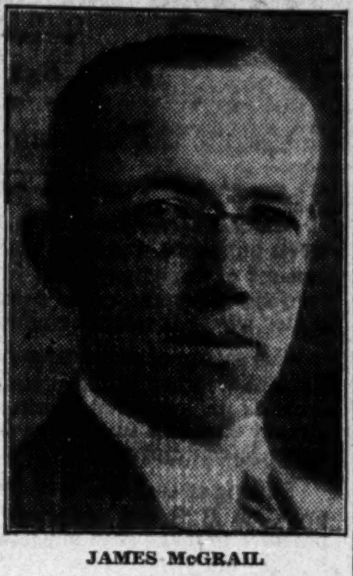
Bank of Canada Weekly Statement

Major changes in last week's Bank of Canada statement were increases of $4.5 millions and $4 millions, respectively, in holdings of government short and long term securities. These changes were reflected in an increase of $12 millions in Dominion government deposits. Circulation dropped $1.2 millions.

Balance Sheet

Liabilities	$ Feb. 19	$ Feb. 12
Capital paid-up	5,000,000	5,000,000
Notes in circ.	85,995,388	87,175,383
Rest fund	173,092	173,092
Dep.: Dominion	32,042,552	20,163,390
Banks	179,831,625	180,063,548
Other	559,319	1,344,367
Total deposits	212,433,496	201,571,305
All other liabs.	1,177,329	563,333
Total liabs.	304,779,305	294,473,113
Assets		
Reserve: Gold	180,305,308	180,149,432
Silver bullion	1,496,267	1,496,267
Res. in sterling	1,612,097	1,515,519
Res. in U. S.	6,901,748	6,336,656
Res. elsewhere	5,169	4,909
Total reserve	190,320,588	189,502,783
Subsidiary coin	259,995	250,207
Investments:		
Dom. govt. short.	26,109,508	21,623,927
Other Dom. govt.	83,829,944	79,976,186
Total invest.	109,939,452	101,600,113
Premises	111,970	111,947
All other assets	4,147,299	3,008,062
Total assets	304,779,304	294,473,112
Reserve ratio	63.77%	65.63%

Toronto Manager



JAMES McGRAIL

Who has been appointed manager of the Toronto branch of the Capital Trust Co. Mr. McGrail was formerly manager of the mortgage and savings departments at head office, Ottawa, and prior to his association with the company was for many years with the Bank of Toronto.

Government Assists Saskatchewan Cities

From Our Own Correspondent

REGINA.—Passage of a measure extending the life of municipal relief debentures from 10 to 20 years now before the Saskatchewan legislature, will be received by civil councils with relief.

Most of them were faced with raised mill rates unless the act was changed this year.

Staff Changes

The Royal Bank has made the following changes in staff:

E. A. HEADMANAK, formerly accountant at Greene Ave., Westmount, to be accountant at Tramways Terminal, Montreal.

R. H. BALFOUR, formerly manager at Campbellford, to be manager at Elora, Ont.

J. McKERCHAR, formerly manager at Embro, to be manager at Lakefield, Ont.

J. S. COOKE, formerly accountant at East End, Vancouver, to be manager at Dunbar & 17th Ave., Vancouver.

W. C. LOWRY, formerly inspector, supervisor's department, Sao Paulo, to be joint manager at Sao Paulo.

G. G. CONNELL, formerly manager at Lakefield, to be manager at Arthur, Ont.

K. C. YORK, formerly relieving manager at Dunbar & 17th Ave., Vancouver, to be manager at Steveston, B.C.

W. N. FRANK, has been appointed assistant manager at Sao Paulo.

N. D. HALL, formerly manager at Elora, has retired on pension.

A. R. GORDON, manager at Bogota, died Feb. 16.

The Bank of Nova Scotia announces the following appointment:

H. E. HOPGOOD, of the supervisor's department Saint John, to be an assistant inspector.

Weekly Bank Clearings

	Feb. 20 1936 $	Change year ago %	Feb. 13 1936 $
Halifax	2,063,563	+ 6.4	1,976,331
Saint John	1,971,250	+ 42.5	1,420,576
Moncton	588,141	— 3.6	562,008
Sherbrooke	492,094	+ 8.1	438,365
Quebec	3,876,867	+ 25.3	3,327,129
Montreal	112,269,184	+ 46.4	80,983,403
Ottawa	13,386,580	+327.7	14,839,775
Kingston	426,358	+ 8.0	476,494
Peterborough	505,025	+ 2.1	518,583
Toronto	166,284,351	+ 56.6	110,721,341
Hamilton	3,634,673	+ 13.8	3,827,007
Kitchener	918,566	+ 13.9	1,062,539
Brantford	703,298	+ 4.2	709,678
Chatham	410,198	— 1.2	394,470
London	2,840,137	+ 26.4	2,269,721
Windsor	2,637,242	+ 10.9	2,215,176
Sarnia	387,848	+ 5.2	454,136
Sudbury	734,148	+ 29.3	754,307
Fort William	523,833	+ 1.3	496,940
Winnipeg	38,801,908	+ 32.7	46,096,372
Brandon	271,278	+ 3.4	188,674
Regina	2,260,180	+ 2.0	2,106,382
Saskatoon	1,068,422	— 4.8	1,076,629
Prince Albert	292,949	+ 13.0	347,219
Edmonton	2,876,687	— 22.9	2,684,718
Moose Jaw	422,049	+ 2.4	427,285
Calgary	5,169,470	+ 20.6	4,798,465
Medicine Hat	175,226	— 18.5	127,491
Lethbridge	344,440	— 3.3	359,208
N. W'minster	443,794	+ 9.9	558,121
Vancouver	16,998,318	+ 32.3	15,092,789
Victoria	1,581,194	+ 12.7	1,416,385

Winnipeg's Newest Hotel
The Marlborough
In the Heart of the City
Fireproof Construction
European Plan
Rates in Keeping with the Times
220 Rooms

Central Bank a Money Gauge

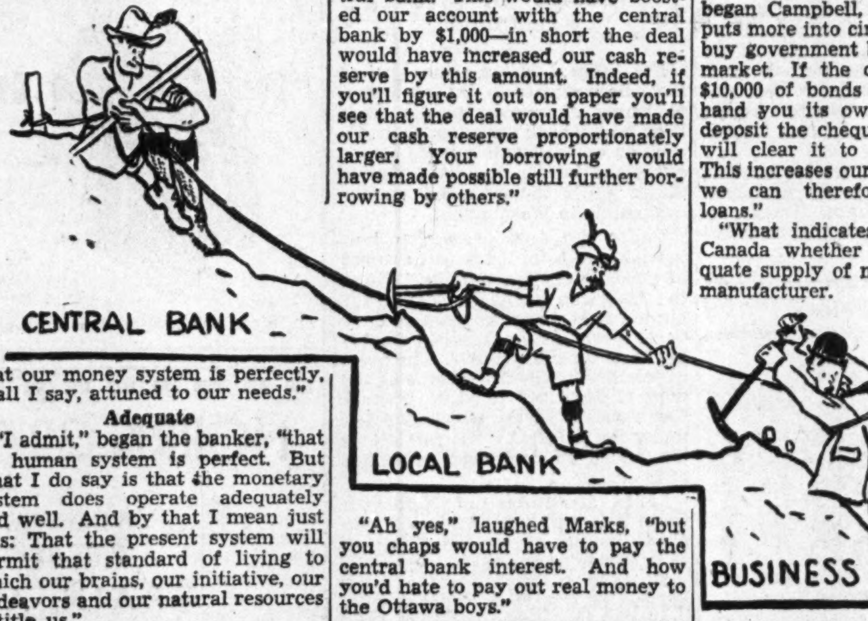
In Which Alan Campbell, Remford Banker, Pictures the Bank of Canada as a Regulator Which Adjusts the Supply of Money to Meet Industry's Needs

By PETER THOMSON

"What we need," said Edward P. Marks, "is a money system properly co-ordinated with industry and production."

"And that's exactly what we have, sir," answered Alan Campbell, as the two men eased themselves into chairs in the bank manager's office.

"Oh! I know," complained the manufacturer, "that if I could reduce wages, I could lower prices and sell more goods, and that tariffs reduced our overseas wheat market, and that the depression is the result of an inelasticity in production costs and of our inability to turn from one form of production to another. I know all that. Still I don't believe that our money system is perfectly, shall I say, attuned to our needs."



Adequate

"I admit," began the banker, "that no human system is perfect. But what I do say is that the monetary system does operate adequately and well. And by that I mean just this: That the present system will permit that standard of living to which our brains, our initiative, our endeavors and our natural resources entitle us."

"Well," said Marks, "you'll have to show me."

"Then I shall," answered the bank manager firmly. "If you and a thousand other manufacturers or producers have the brains to find markets for goods, you must admit that every banker in the land would willingly finance your production. You know we're hungry for commercial loans."

Want Loans

"That's right," said Marks, "but you've got to keep about 10 per cent of your resources in cash, or in what amounts to cash, in the form of deposits with the central bank. There is a limit to the amount you can loan. What happens when the banks have loaned all they safely can loan? The manufacturer and the farmer go without money—and that's the very point. Production and profits are held up because there isn't enough dough to go round."

"We're a long way from that point," said the bank manager.

"But things are improving," answered Marks. "Suppose you have loaned all you can, and there is still a line-up of borrowers? I suppose you could rediscount my bills with the central bank. But I don't see how that would still keep the 10 per cent cash reserve in your till."

How It Works

"At four o'clock today," replied Campbell, "I locked away about $23,000 in the bank vault. Had you happened in at three o'clock with a $1,000 promissory note, I could have credited your account with the $1,000, and if necessary I could have rediscounted the paper with the central bank. This would have boosted our account with the central bank by $1,000—in short the deal would have increased our cash reserve by this amount. Indeed, if you'll figure it out on paper you'll see that the deal would have made our cash reserve proportionately larger. Your borrowing would have made possible still further borrowing by others."

"Ah yes," laughed Marks, "but you chaps would have to pay the central bank interest. And how you'd hate to pay out real money to the Ottawa boys."

"We'd get a low rate from the central bank and still make a little on the deal," answered the bank manager, "but as a matter of practice it would not work out that way. We would not have to borrow from the Bank of Canada."

Only Occasionally

"But you've just told me that you would borrow from the central bank," responded Marks.

"No," said Campbell, "all I said was that if a situation arose which made it necessary we could borrow from the Bank of Canada in order to make loans. As a matter of fact this would only occur occasionally."

"Why?" asked the manufacturer.

"Because the Bank of Canada was established," Campbell replied, "to ensure a sufficient supply of money to meet all legitimate needs."

"Sufficient supply of money?" questioned the manufacturer.

"Just exactly that," said Alan. "It is the duty of our central bank to create enough money so that the commercial banks will be able to finance the trade and industry of the country."

"Do you mean to tell me," said Marks, "that the Bank of Canada simply turns on the printing presses when more money is needed in Canada?"

"In essence, that's the idea," replied the banker, "but that phrase, 'turning on the presses' has an unpleasant connotation. It doesn't work quite that way."

"Then how does it work?" demanded Marks.

Open Market Deals

"If money is becoming scarce," began Campbell, "the central bank puts more into circulation. It would buy government bonds on the open market. If the central bank buys $10,000 of bonds from you, it will hand you its own cheque. If you deposit the cheque in my bank we will clear it to the central bank. This increases our cash reserves and we can therefore increase our loans."

"What indicates to the Bank of Canada whether there is an adequate supply of money?" asked the manufacturer.

"Three things chiefly," said Campbell, "The domestic price level, the demand for money which varies with our production, and the price of our dollar elsewhere are the factors which the staff of the central bank are constantly studying in order to determine the amount of money we require in circulation—that is in cash or in bank accounts."

"I don't like the thought of politicians dealing with sensitive and intricate matters of that kind," suggested the manufacturer.

"The central bank is run by those who understand the workings of the money system," Campbell reminded him.

"At present," answered Marks glumly.

—

And in a further article Alan Campbell will continue his explanation of banking problems.

THE
MANUFACTURERS
Will Banish This Fear
MANY a man lives in the fear that his family would face financial difficulties if he should die before he has accumulated a sufficient estate to care for them.
This fear can be banished through properly planned insurance.
LIFE
INSURANCE COMPANY
HEAD OFFICE
TORONTO, CANADA
Established 1887

The Annual Statement of

NORTHWESTERN MUTUAL FIRE ASSOCIATION

FOR THE YEAR 1935

Reflects the Soundness of the Mutual Plan of Fire Insurance

The 35-year history of the Northwestern Mutual Fire Association is a story of successful leadership and foresight, based on the highest principles of the modern Mutual tradition —a consistent record of accomplishment for the benefit of policyholders.

A Record of Sustained Progress

Year	Admitted Assets	Surplus (including Contingency Reserves)	Premiums Written
1905	$ 97,888.77	$ 10,406.32	$ 140,416.97
1915	434,820.00	109,525.21	775,771.71
1925	3,118,764.07	705,719.39	4,962,231.43
1935	5,984,876.81	1,820,750.81	6,076,416.21

POLICYHOLDER BENEFITS, YEAR 1935

Losses Paid $1,839,682.24
Dividends Paid to Policyholders 1,098,428.61

COMPANY HIGHLIGHTS

1 The Northwestern Mutual Fire Association is the largest mutual fire insurance company in the world in point of premium income.
2 Its policies are Non-Assessable.
3 Careful selection of properties and owners, and full co-operation of policyholders have resulted in dividends and savings to policyholders of over 22½ million dollars.

Summary Financial Statement

As Filed with the Washington Insurance Department

AS OF DECEMBER 31, 1935

ASSETS

Cash in Office and Banks	$ 476,384.55
Securities (These securities consist of Government, State and Municipal Bonds and other securities of the highest grade plus accrued interest.)	4,500,131.06
Premiums in Course of Collection (All accounts over 90 days old are excluded.)	688,275.94
Miscellaneous Assets (Consisting of amounts due from other insurance companies, real estate owned, etc.)	320,085.26
Total Admitted Assets Belonging to Policyholders (From these assets we have excluded all furniture and fixtures, automobiles, printing plant, supplies and premium accounts over 90 days old.)	$5,984,876.81

LIABILITIES

Reserve for Losses and Adjustment Expense	$ 237,878.68
Reserve for Unearned Premiums (This reserve is the full unearned portion of the premiums and is available for the payment of losses.)	3,676,487.59
Reserve to Cover All Other Liabilities (This is a reserve to cover taxes accrued and all other miscellaneous liabilities.)	249,759.73
Reserve for Contingencies	100,000.00
Net Surplus (This being the net amount left after providing for all reserves as above.)	1,720,750.81
TOTAL	$5,984,876.81

HEAD OFFICE IN CANADA
Stock Exchange Building, Vancouver, B.C.

Eastern Offices: Hamilton, Toronto, Ottawa, Montreal, Quebec City, Saint John, Halifax.
Western Offices: Victoria, Calgary, Edmonton, Saskatoon, Winnipeg, Kelowna.

DIVIDEND NOTICES

The Dominion Bank

Notice is hereby given that a Dividend of two and one-half per cent upon the paid-up capital stock of this Institution has been declared for the quarter ending 31st March, 1936, being at the rate of ten per cent per annum, and that the same will be payable at the Head Office of the Bank and its Branches on and after Wednesday, the 1st day of April, 1936, to shareholders of record of the 20th March, 1936.

By Order of the Board,

DUDLEY DAWSON,
General Manager.

Toronto, 13th February, 1936.

CANADA PERMANENT MORTGAGE CORPORATION

Quarterly Dividend

Notice is hereby given that a Dividend of TWO PER CENT for the current quarter, being at the rate of EIGHT PER CENT PER ANNUM on the paid-up Capital Stock of the Corporation, has been declared, and that the same will be payable WEDNESDAY, THE FIRST DAY OF APRIL next, to Shareholders of record at the close of business on the Fourteenth day of March, 1936.

By order of the Board.

WALTER F. WATKINS,
Secretary.

The Montreal Cottons Limited

NOTICE IS HEREBY GIVEN THAT THE SIXTY-THIRD ANNUAL GENERAL MEETING of the Shareholders of The Montreal Cottons Limited, will be held at the office of the Company, 710 Victoria Square, Montreal, on Monday, the 16th day of March, nineteen hundred and thirty-six, at the hour of 12.30 o'clock P.M. for the purpose of receiving the Annual Report, electing a Board of Directors for the ensuing year, appointing auditors, and to transact such further business as may come before the meeting.

BY ORDER OF THE BOARD,

CHAS. GURNHAM,
Secretary-Treasurer.

Valleyfield, February 26th, 1936.

THE MONTREAL COTTONS LIMITED

Notice is hereby given that a QUARTERLY DIVIDEND OF ONE AND THREE QUARTERS PER CENT (1¾%), being at the rate of Seven per cent (7%) per annum, has been declared upon the preferred stock of the Company, and cheques will be mailed on the fifteenth day of March next, to shareholders of record at the close of business on the 29th day of February, 1936.

By Order of the Board,

CHAS. GURNHAM,
Secretary-Treasurer.

Valleyfield, February 20th, 1936.

Canadian Wirebound Boxes Limited

DIVIDEND NOTICE

The Directors of the Company have declared a dividend of twenty-five cents (25c) on account of arrears on the Class "A" shares of the Company, payable April 1st, 1936, to shareholders of record at the close of business March 16th, 1936.

By order of the Board,

J. P. BERNEY,
Secretary.

Dominion Textile Co. Limited

Notice of Preferred Stock Dividend

A DIVIDEND of One and Three Quarters per cent. (1¾%) has been declared on the Preferred Stock of DOMINION TEXTILE COMPANY, Limited for the quarter ending 31st March, 1936, payable 15th April, 1936, to shareholders of record 31st March, 1936.

By order of the Board,

L. P. WEBSTER,
Secretary.

Montreal, 20th February, 1936.

Dominion Textile Co. Limited

Notice of Common Stock Dividend

A DIVIDEND of One Dollar and Twenty-five cents ($1.25) per share, has been declared on the Common Stock of DOMINION TEXTILE COMPANY, Limited, for the quarter ending 31st March, 1936, payable 1st April, 1936, to shareholders of record 14th March, 1936.

By order of the Board,

L. P. WEBSTER,
Secretary.

Montreal, 20th February, 1936.

DIVIDEND NOTICES

DIVIDEND NOTICE

The Cariboo Gold Quartz Mining Company Limited

(Non-Personal Liability)

Notice is hereby given that the regular quarterly dividend of two and one half (2½c) cents per share, on the paid-up capital stock of the Company, is payable April 1st, 1936, to Shareholders of record March 7th, 1936.

By Order of the Board.

J. R. V. DUNLOP,
Secretary-Treasurer.

Vancouver, B.C.,
February 18th, 1936.

The Sherwin-Williams Company of Canada, Limited

Notice is hereby given that the Ninety-second quarterly dividend of one and three quarters per cent (1¾%), being at the rate of Seven per cent (7%) per annum for the quarter ending May 31st, 1934, on the Preferred Stock of the Company has been declared payable to shareholders of record the 15th day of March, 1936, and cheques will be mailed April 1st, 1936.

Books not closed.

By order of the Board.

P. W. HOLLINGWORTH,
Secretary-Treasurer.

Montreal, Que., February 6th, 1936.

Reno Gold Mines Limited (N.P.L.)

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that a dividend of three (3c.) cents per share has been declared payable to shareholders of the Company of record as such on the books of the company at the close of business on Tuesday, the 10th day of March, 1936, and that the dividend will be payable on the 1st day of April, 1936.

The Register of Transfers will be closed at the close of business on the 10th March, 1936 until the opening of business on the 20th day of March, 1936.

BY ORDER OF THE BOARD,

W. A. SUTTON,
Secretary-Treasurer.

Vancouver, B.C., February 17, 1936.

SISCOE GOLD MINES LIMITED

Notice of Dividend No. 16 and Bonus

NOTICE is hereby given that a Dividend of Five Cents (5c.) per share and a bonus of one cent (1c.) per share on the issued Capital Stock of Siscoe Gold Mines Limited has been declared payable on March 14th, 1936, to shareholders of record at the close of business on the 29th day of February, 1936. The stock transfer books of the Company will be closed from March 2nd to March 16th inclusive, for the purpose of the payment of the said dividend and bonus, and for the holding of the Annual Shareholders Meeting on the latter date.

By Order of the Board,

H. E. GREEN,
Secretary-Treasurer.

Montreal, 19th February, 1936.

New Books

FOREIGN COMMERCE AND NAVIGATION OF THE U. S.

Volume two of this comprehensive annual compilation by the Division of Foreign Trade Statistics of the U. S. Department of Commerce has recently been published. The first volume, published several months ago, covered the import trade of the United States for 1934. The present volume covers U. S. export trade during the same period.

Students of Canada-U. S. trade relations will find exhaustive figures covering every conceivable item of trade between the two countries analyzed in great detail for 1934, with summary tables for 1932, 1933 and 1934 on the major items of trade.

The book is obtainable from the U. S. Government printing office. Price $2.

CANADA, 1936.

This is the official handbook of Canada issued annually by the Dominion Bureau of Statistics. Published in January, it is in effect a miniature Canada Year Book of some nineteen chapters covering various phases of economic life with considerable statistical material.

A feature of the 1936 edition is an appendix giving recently published official figures of the voters on the list, and votes polled, along with names and addresses of all members of the House of Commons elected, at the last general election. A special colored illustration shows the ten chief cities of Canada with their satellite communities.

Price 25 cents. King's Printer, Ottawa.

CHAMPION

CHAMPION SPARK PLUG COMPANY

In 1907 this company was started in a loft over a laundry in Toledo, Ohio. To Mr. R. A. Stranahan, President since then, goes the credit for the policy which has built this world-wide organization with factories in Toledo, Detroit and in Windsor.

He laid down the policy of constant improvement of the product and consistent advertising which has been followed in building this business wherever internal combustion engines are used.

Sillimanite used in the insulation of the Champion Spark Plugs was discovered in 1920 by Dr. J. A. Jeffery in the mountains of California. Since 1920 all Champion insulators have been made from this mineral.

Advertising of Champion Spark Plugs appears In—

Maclean's
Canada's National Magazine

Week In Wheat

Firm But Inactive

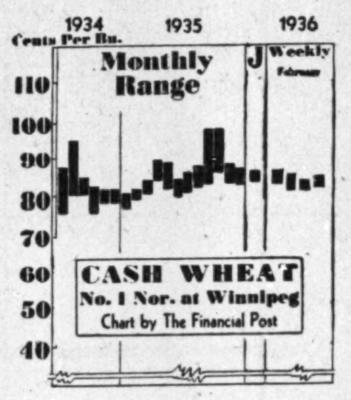
Watching U.S. Crop

From Our Own Correspondent

WINNIPEG.—Wheat was firmer at the beginning of the week but there was little activity. The steady decline of the amount of Canadian wheat in store provided a strong undertone though operators are watching closely conditions in United States where spectacular news is the most likely to originate.

The season of crop scares from that quarter is now at hand. Current weather in the principal U. S. winter wheat growing areas is an important market factor. Dust storms there are already creating uneasiness but so far there has been little hurry to contract new supplies from Canada.

So long as cash wheat at Minneapolis remains at its present premium it is not expected that there will be any undue pressure to make such imports.



Fair Export

A FAIR amount of export selling in wheat continues to be done, but it is probably less than the weekly shipments of wheat overseas. These latter are in fulfillment of sales made earlier in the year. At the market remains comparatively strong, traders are working for substantial sales before the opening of navigation.

Last week's clearances from Canada were considered fairly good. Liverpool, although impressed by large quantities of Australian wheat destined for Great Britain and the continent, is also noting the decline in offerings from European countries.

* * *

Stocks Declining

THE visible supply of Canadian wheat is steadily declining, as the quantities exported, absorbed by United States mills, and milled for domestic consumption run four million bushels or more a week ahead of quantities of new wheat delivered by farmers. This steady improvement although expected, is likely to have some influence, as it proceeds, on market sentiment. During March and early April the visible supply will be further drawn on as wheat is taken out of country elevators in the west to furnish seed.

* * *

Sales Difficult

GETTING back Canada's former share of the British wheat market is proving more difficult than anticipated. Some years ago about half the total British imports of wheat and flour were Canadian. In addition hard wheat was imported from the United States and Russia. This meant a high quality flour used in the Old Country.

But during recent years, and especially since 1933, the quality of British flour has been definitely lowered so far as the use of hard wheat is concerned. Customers and bakers have become accustomed to a different flour standard than the one formerly demanded. Apparently the millers are reluctant to go back to former standards.

There is probably still some feeling that if standards are improved to the extent that large additional quantities of Canadian wheat are required, this country might again attempt to exact high premiums for Canadian wheat in comparison with other wheats.

Difficulties of this nature have been suggested both in public reports from Great Britain and in private communications. It is stated that although the British millers have been putting some additional percentage of Canadian wheat into their mix recently, they have been offsetting this by using increased quantities of soft wheat, mainly from Australia, but to some extent from the Continent. By such means they avoid making a stronger flour than when Argentine wheat constituted a major portion of their supplies.

* * *

More Competition

IT IS new for Canada to have to regard Australia as her principal competitor in the world wheat market. But that is the present situation. The recently harvested Australian crop was not large, but was of unusually high quality. It is being offered with great persistence in British and Continental markets, at prices kept well below Canadian levels, as the Orient is going to take comparatively small quantities of Australian wheat this year. Last week 4.5 millions of bushels were put afloat, of which little more than 1 million bushels were consigned to non-European destinations. It is the apparent determination of Australia to get rid of the great bulk of her export surplus before another crop year commences in the northern hemisphere.

Additional Services Cost Bank of Canada $275,000

Silver Obligations, Taken Over from Government, Result in Loss of $489,368—Securities Purchased to Stabilize Chartered Banks' Cash Reserves

Services provided by the Bank of Canada, other than those formerly carried out by the finance department, cost about $275,000 to the end of 1935.

This estimate, made by Graham F. Towers, governor, at the bank's annual meeting, represents "new" cost only. Expenses which had previously to be met by the government in connection with note issue, maintenance of offices, and so on, are not included. It is also assumed that the new small notes would have been issued even if the central bank had not been set up, so that costs of the new note issue are not included in the estimate. On the other hand, all organization expenses are covered, and no allowance has been made for interest earned on investments.

On this basis, "new" operating costs for a full year would be about $300,000. Mr. Towers expressed the hope that as time goes on this amount would decline.

Earnings Relatively Low

Earnings of the bank in the period of operating in 1935, from March 11 to the year end, amounted to $764,228. This figure was not as large as might have been expected, although after all charges and dividends it contributed some $346,000 to the government coffers Several unusual charges tended to act as a drag on earning power. Organization expenses incurred prior to March 11 were charged to the year's operations, as was also a heavy outlay for notes. The bank had to issue its own notes in exchange for Dominion notes and in addition to accumulate in stock an adequate reserve supply. In this respect, therefore, there was a double burden on 1935 profits.

Silver commitments, with which the government had saddled the bank, were a major factor in restricting profits. Losses on holdings of the white metal cost the central institution $489,368, equal to almost two-thirds of earnings for the year.

Silver Purchases

It will be recalled that following the London conference in 1933, the Canadian government agreed to purchase at least 1,671,802 ounces of silver annually from 1934 to 1937, inclusive. The obligation was transferred to the central bank through a clause in the Bank of Canada Act. This clause provided that the bank was annually to purchase and hold newly mined Canadian silver as directed by the minister of finance, up to a maximum of 1,671,802 ounces, this to continue until the end of 1937.

When the bank commenced operations, it took over 1,671,802 ounces from the government, and was directed to purchase an equal amount in 1935. These holdings are carried at market valuations, the figure being revised weekly to appear in the bank's balance sheet. As a result of the decline in silver prices, the value of the stocks held dropped $489,368 during the term of the bank's operation, which amount was charged to profits and loss.

Buoy Up Reserves

In his address Mr. Towers illustrated the activities of the bank in maintaining cash reserves of the commercial banks. He pointed out that the chartered banks borrowed a minimum of about $35 millions under the Finance Act from 1932 until the Bank of Canada was established. They also held approximately the same amount in treasury bills purchased from the Dominion government. Repayment of the borrowings when the central bank took over resulted in the cancellation of an equal amount of Dominion notes and would have involved a similar reduction in the cash reserves of the chartered banks if no offsetting action had been taken.

The action which was taken was the purchase by the bank of $35 millions of treasury bills from the government, which used the proceeds to redeem the bills held by the chartered banks. In this way, cash reserves of the banks were unchanged.

Securities Bought

The central institution increased its holdings of government securities during the latter part of the year, also to stabilize the cash reserves of the chartered banks. When additional notes are required by the public, they are withdrawn from bank accounts. The notes they receive are Bank of Canada notes to the extent that the demand is for $1 and $2 denominations, or if their own bank's note issue is approaching the authorized limit. Thus an increase in the active circulation of Bank of Canada notes serves to reduce the chartered banks' cash reserves if no offsetting action is taken by the Bank of Canada.

Shareholders in the central bank showed little interest in proceedings, only a handful of the more than 11,000 shareholders turning out to the first, and possibly the last if nationalization is effected, annual meeting.

NON-POOL GROUP NOW ASK BONUS ON 1930 WHEAT

Claim That Minimum Price Should be Extended to All

U. G. G. PROTESTS

From Our Own Correspondent

WINNIPEG.—If pool farmers of the 1930-31 crop year are to have the benefit of a minimum price on wheat of 60 cents a bushel, equal treatment should be extended to farmers who sold their wheat on the open market during that crop year. Such is the contention of R. S. Law, president of United Grain Growers Ltd., who has issued the following statement:

Protests to Ottawa

"United Grain Growers Ltd. has decided to call to the attention of the Government the desirability of extending equal treatment to all western farmers, and of applying the minimum price principle to all the wheat crop of that year. That would mean giving to those farmers who sold their wheat on the open market during those months when the price of wheat ranged between 50 and 60 cents a bushel the minimum price of 60 cents."

$6 Million Award

Last week the Dominion Government intimated legislation would be brought down this session to reimburse those pool farmers who received less than 60 cents per bushel for their 1930 wheat crop. Initial payments that year ranged down to 50 cents before the season was over and apparently the Government decided to set aside approximately $6 millions to equalize returns of all shippers through the pools. Nothing, however, was mentioned of paying anything to farmers who may have sold their wheat for less than 60 cents on the open market.

N.-A. ELEVATORS EARNINGS HIGHER AND MAY GROW

Bond Interest Covered Year Ending Next April 30

Gross earnings of North-American Elevators Ltd., are expected to show improvement in the year which ends April 30, 1936.

In 1935, gross earnings were $124,746. After operating and administrative expenses, net earnings were $50,827.

It is understood the 1935-36 year will show bond interest earned, before depreciation, between 2 and 2½ times. After bank interest and depreciation reserve, net results may show the bond interest approximately earned.

Grain Movement

The company has had its storage space well occupied, but has not had a very large export movement of grain this year. The new grain board did not start to sell and export grain in very large volume prior to the closing of navigation.

The company's elevator at Sorel, Que., is not used for export in the winter, and the fiscal year closes before spring navigation becomes active. After April 30 there is some expectation the company will obtain revenue from greater export movement of grain now held in storage.

At April 30 next, arrears of dividends on the first preference stock will be $19.25 per share. Arrears on the second preference will be $47.25 a share.

Wheat Prices

(Cash Quotations)

At Winnipeg:	For Week Feb. 25 High $	Low $	Prev. week High $	Low $
1 Man. Hard.	.83⅛	.87⅞	.82⅞	.81½
1 Northern	.82⅛	.81	.81⅞	.80½
2 Northern	.79⅝	.78¾	.79⅝	.78¼
3 Northern	.75⅝	.74⅜	.75½	.74
4 Northern	.72⅝	.71⅝	.72⅝	.71¼
5 Wheat	.64⅞	.63⅞	.64¼	.63
6 Wheat	.55⅜	.54⅜	.55½	.54
Feed Wheat	.46⅛	.45⅜	.46	.45
Vancouver: Week to Feb. 21:				
1 Northern	.81¾	.81¼	.83½	.81

Competitive Export Prices: (Feb.) shipment:

	High Week to Feb. 21	Low
No. 1 North. (Vanc.) ...	1.00⅝	0.98½
No. 2 North. (Atlan.) ..	0.98	0.95¾
No. 2 North. (Vanc.) ...	0.99¼	0.97¼
Argentine Rosafe†	unquoted	
Do., Barusso†	unquoted	
Australian	0.92⅝	0.90¼
Australian (March)	0.91⅞	0.89½
French	0.79⅝	0.79⅝

†Feb.-Mar.

Canada's Wheat Surplus Being Rapidly Digested

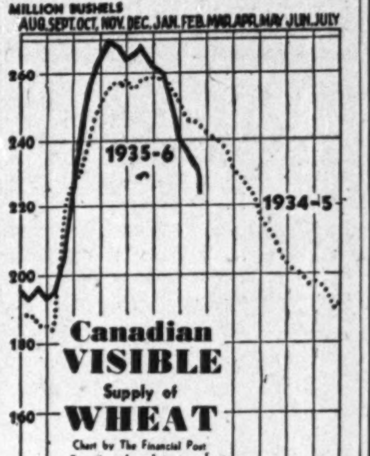
See Carryover Falling Below Hundred Million Bushels Before New Crop Comes on Next August

By GORDON L. SMITH

Canadian wheat sales speeded up last week and stocks in marketable positions dropped well over 7 millions of bushels.

While this was the sharpest movement so far recorded this season it follows steadily increasing export volume since mid-December. It brings the carryover down to a figure fully two months ahead of last year.

At anything like this rate of sale, and observers expect it to be maintained, during the 23 weeks remaining of the current crop year, Canada's wheat surplus will be reduced well below the hundred million mark by next August.



Comfortable

Such a figure will be considered comfortable by most opinion in the grain trade. It compares with almost 200 million a year ago. Before the days of wheat pools and wheat boards, a carryover of 50 million bushels at the end of the crop year was considered normal and ample to meet any shortage or lateness in the incoming harvest.

Real Progress

To get below 100 millions this year, however, would have been considered impossible, even a few weeks ago. Most grain dealers were only hoping for a reduction to around 150 millions of bushels. Then as the new grain board started to demonstrate its willingness and ability to move wheat this estimate was quickly revised.

In view of the distinct possibility of a large wheat crop, both in Canada and United States this year, there was a good deal of uneasiness. United States had one of the smallest crops on record last year. Canada's yield was far below normal. The crop now being harvested and sold in the Argentine is likewise small. These developments gave Canada an opportunity to unload grain but the opportunity was generally regarded as limited to one year only. Nature was not likely to repeat short crops all through the Western hemisphere in 1936-37.

Deliveries Near End

While recent very cold weather on the prairies undoubtedly slowed down country deliveries of wheat this month and thus visible movement was practicaly all on the outgoing side, on the other hand, observers now believe that little more grain is to be delivered into elevators this season in any case. There will still be some from those districts where the crop was good last year but not a great deal. Farmers have been too hard pressed in recent years to leave anything lying idle that might be turned into ready cash.

Need Some For Seed

Moreover, there is probably a good deal of wheat now in the elevators and therefore shown in the accompanying Canadian visible chart, that will go back to the country for seeding purposes. Ordinarily farmers retain enough seed in their own granaries for this purpose. This year, however, there are many farmers in last year's drought and rust areas who will have to go to the elevators for seed. This movement will be sharply reflected in the visible supply during March and April.

Details of visible and export clearances are as follows:

	Feb. 21	week previous	year ago
Canadian Visible	228,353,000	235,414,000	241,052,000
Export Clearance‡	4,764,675	4,312,276	2,986,741

‡Plus U. S. imports.

REPORT BRISK TRADE IN CANADIAN FLOUR

Returning Tourists Take Advantage of $100 Exemption

For several years, since prices have been higher in United States, returning American tourists have been taking back Canadian flour. To such an extent has this trade grown along the border line that United States mills have lodged serious complaints to Washington.

Under the $100 exemption law, tourists can bring back this amount of goods every six months. Where the American towns lie close to the border, it is stated, consumers have made a regular practice of purchasing their flour in Canada. The price differential is about the same as the duty of $1.04 per hundred pounds. The removal of the processing tax under the A.A.A. hit the practice as this ended an additional advantage of 70 cents.

Large quantities of Canadian flour, it is said, were imported into North Dakota by returning tourists at $2.65 per 98 pounds as compared with $4.50 to $4.75 for the same amount of U.S. flour. These prices prevailed before the removal of the processing tax.

Merchants in Canadian border towns, it is stated, made a specialty of catering to this trade by advertising in American towns across the border, quoting the lower Canadian prices and pointing out that there was no duty to pay.

Government Slashes Pay Of Farm Debt Receivers

From Our Own Correspondent

OTTAWA.—Whether or not the Farmers' Creditors Arrangement Act survives the Supreme Court test, the government has put a severe crimp in its operations.

In the main estimates the amount to be spent under this act in the new fiscal year is cut down to $350,000. The cost in the present year will be $750,000. The saving will be brought about by a radical change in the method of paying official receivers.

Instead of paying these scores of officials a monthly salary ranging from $100 to $150 per month, the government will pay $15 or $20 per case. If the official receiver completes a case he will get $20. If he starts a case which has to go to a Board of Review for final settlement he will get $15.

When machinery for carrying out this legislation was being set up over a year ago, it was first suggested that payment be based at so much per case, but the plan was vetoed on the ground that such a method might tend toward pushing matters through too fast. Now with the first rush over and growing criticism against the act by mortgage and other companies, apparently it is considered that the Farmers' Creditors Arrangement Act is going to lose some of its prominence.

This new basis of pay has brought several resignations from the present administrative force. There is, however, no intention of returning to the former basis of pay.

Winnipeg Grain Prices

Week to Feb. 25, 1936

Crop year from Aug. 1, 1935 High	Low		Open Feb. 19	High for Week	Low for week	Close Feb. 25
		Wheat				
1.02¼	.82¼	May	.83⅛	.84¾	.83	.84⅜
.92⅞	.83⅛	July	.84⅛	.85½	.84	.85¼
.89	.82⅛	Oct.	.83¼	.84¾	.83	.84½
		Oats				
.35⅝	.29⅝	May	.32¼	.32¾	.32¼	.32¾
.33⅜	.30	July	.31⅞	.32⅝	.31¾	.32¼
		Barley				
.42½	.34⅝	May	.38¼	.39½	.38⅛	.38¾
.40⅛	.35⅝	July	.38⅞	.40⅛	.38⅞	.39¼
		Flax				
1.65	1.23	May	1.58¼	1.60¼	1.57⅜	1.59
1.63	1.40¼	July	1.54¾	1.57¾	1.54¾	1.56½
		Rye				
.51⅞	.41¼	May	.45⅛	.46¼	.44⅝	.45½
.48½	.43⅜	July	.46	.47⅛	.45⅞	.46⅝
.48⅝	.46⅞	Oct.	.47⅛	.49⅝	.47⅛	.48½

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Treasurer R. R. HUTCHISON

British America Elevator Company, Limited
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Minneapolis Chamber of Commerce

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FORT WILLIAM, ONTARIO

THE CANADIAN CONSOLIDATED GRAIN COMPANY LIMITED
Operators of Country Elevators in Manitoba and Saskatchewan and Terminal Elevators at Fort William and Port Arthur
Grain Commission Merchants—Shippers and Handlers of All Grains
Head Office: WINNIPEG, CANADA

EST. 1857
Grain Merchants Shippers & Exporters
Pioneers IN THE EXPORTING OF CANADIAN GRAIN
JAMES RICHARDSON & SONS Limited
WINNIPEG REGINA MONTREAL MOOSE JAW VANCOUVER SASKATOON TORONTO CALGARY KINGSTON EDMONTON

Company Earnings Reports

F. N. Burt Co.

F. N. Burt Co. earned $1.92 a share on 107,648 common shares of $25 par value in 1935 as compared with $1.15 a share in 1934.

These common shares are still preceded by 588 shares of 7 per cent preference stock of $100 par value. They are non-callable but are convertible into common stock on the basis of four common shares for each preferred share. Only one share was converted in 1935 though a unit of four common shares varied in market value from $120 to $160 in 1935.

The dividend rate on common is $2 a share so that preferred shareholders would get the equivalent of $8 instead of $7 a share by converting. The reason they have not done so is that the company has been paying more than current earnings on common stock.

The earning in 1935 of $1.92 a share included $29,573 received from sale of machinery and equipment used in the molded envelopes department which was discontinued in 1934. Excluding therefore 28 cents a share, which may be considered non-recurring revenue, the earnings on common would be $1.64 a share, the equivalent of $6.56 a share on preferred. The preferred shareholders are apparently waiting until earnings on common get high enough to make the present dividend of $2 a share almost sure to continue permanently. The company earned that dividend easily before 1932.

It has been easy for the company to pay dividends higher than actually earned out of accumulated earnings of other years. Its working capital is high. Cash call loans and government bonds increased during the year from $563,860 to $669,659, receivables were higher and inventories a little lower.

The company added to its holdings of Moore Corp. B stock in 1935 and now holds in preference and common $433,875. Market value is three times that amount. It has no bonded indebtedness and owes the banks nothing.

Cons. Income and Surplus Account
Years Ended December 31

	1935	1934
	$	$
Net earnings	401,556	325,445
Less: Depreciation	163,718	182,428
Prov. for Fed. taxes	26,500	15,000
Net profit	211,338	128,017
Less: Pref. divds.	4,118	4,277
Common divds.	215,294	215,112
Deficit for year	8,074	91,372
Previous surplus	845,386	936,758
Surplus forward	837,312	845,386

Working Capital

	1935	1934
	$	$
Current assets	1,632,162	1,565,694
Current liabilities	161,564	149,106
Working capital	1,470,598	1,416,588
Ratio	10.13—1	10.50—1

Russell Motor Car Co.

Russell Motor Car Co., holding company for Canada Cycle & Motor Co. and for Canadian Acme Screw & Gear, increased earnings materially in 1935. It was able to pay $100,000 in dividends on $1.2 millions of 7 per cent preferred stock in comparison with $53,000 in 1934. This was equivalent to the regular 7 per cent dividend and one per cent on arrears. Arrears on February 1, 1936, were down to 4 per cent.

Both subsidiary companies had improved business, states T. A. Russell, president, in the report to shareholders. Working capital showed improvement but current assets of $554,932 include investments of $479,347 at book value whereas current assets of $525,366 at the end of 1934 included investments at book value of $496,320. In the meantime cash increased from $971 to $46,807 and accounts receivable are a little higher at $28,778.

In 1929 the company showed its investments at cost or market, which ever was lower. The total was then $609,905 and included $115,134 of government and municipal bonds which have since been sold. The company sold its public utility bonds and preferred stocks in 1929 and added bank stocks and common stocks of industrial and public utility companies. The book value was increased about $172,000 in this way and there has not been much change in the interval barring the sale of government and municipal bonds.

Investments in allied and subsidiary companies are shown at $2.5 millions and against these two items of investments there is a reserve of $556,407. During the year, it is stated, investment in outside securities appreciated in market value.

Canada Cycle & Motor Car Co. paid regular dividends at the rate of 7 per cent and two extra dividends of 1 per cent each on $1,350,000 of capital stock.

Canadian Acme Screw & Gear Co. completed transportation and installation of more than $1,000 machines without accident to its new quarters by July 31, 1935. It was formerly in rented premises but now owns an important section of the plant formerly occupied by Willys-Overland, Ltd., West Toronto. Certain additions and improvements in plant and equipment were added to the permanent assets of the company but moving expenses were charged against operations of the year. As a result net profits were little higher than in 1934.

The holdings of the company in Willys-Overland, Ltd., are now represented by shares in West Toronto Holdings, which has taken over the assets. The loss has been fully provided for but no estimate can yet be made as to whether or not there will be any return on this investment.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Net profit	111,812	65,534
Less appropriations:		
Pref. dividends	100,000	53,000
Surplus for year	11,812	12,534
Add: Prev. surplus	429,877	417,343
Balance forward	441,689	429,877

Working Capital

	1935	1934
	$	$
Current assets	554,932	525,366
Current liabilities	26,000	42,000
Working capital	528,932	483,366
Ratio	21.35—1	12.51—1

Aldred Investment

Aldred Investment Corp. (Canada) financial statement for 1935 shows an increase in the market value of investments held by the corporation, but insufficient net earnings to cover interest on the company's own debentures.

During the past year the company wrote down its investments from over $2.8 millions to $2.5 millions, against which the market value was nearly $1.3 millions as against $1.1 millions in 1934. The outstanding debentures also show a decline, dropping from $1.8 millions to $1.7 millions.

The securities owned by the company show a number of changes, principally the replacement of the United Railway and Electric Co., of Baltimore, with those of the Baltimore Transit Co.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Gross income	79,050	83,305
Less: Expenses	6,851	5,554
Interest	78,441	85,494
Exchange	507	667
Deficit	6,748	8,410
Brought forward	39,693	48,109
Surplus forward	32,945	39,699

Capital Surplus

	1935	1934
	$	$
Previous balance	310,251	217,009
Add: Disc. debent. bought	51,086	97,818
Less: Loss on sales	1,864	4,576
Investments w/d	310,251	......
Balance	49,222	310,251

National Biscuit Co.

National Biscuit Co., an American company operating in Canada; earnings in 1935 were lower than in 1934. After paying preferred and common dividends the earned surplus dropped from $14 to $12.1 millions.

The company's working capital position remains exceedingly strong.

Its cash totals $23.3 millions, its bonds $776,000, its receivables $2.4 millions, and its inventories $9.4 millions.

The company, which had not had labor trouble previously for more than 40 years, had to deal in 1935 with strikes which lasted four months. The strikes were for increased wages. The workers returned after four months at the same rate of wages as was in effect before the strike. This had an effect on earnings for the year.

Consol. Income & Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Earnings:		
From operations	†14,072,626	15,669,697
From interest, etc.	402,253	651,285
Less: Deprec. reserve	2,742,226	2,793,452
Reserve for taxes	1,746,633	1,929,958
Net profit	†9,986,020	11,597,572
Less appropriations:		
Pref. dividends	1,735,699	1,735,699
Common dividends	8,160,054	15,065,066
Com. div. pay. Jan. 15	2,510,687	3,138,576
Deficit for year	2,420,420	8,341,769
Add: Prev. surplus	14,042,793	20,381,456
Less: Reval. of secs.	509,746	2,003,106
Balance forward	12,132,119	14,042,793

†Before deducting strike expenses aggregating $721,451, which were not charged to operations but to insurance and contingent reserve.

Working Capital

	1935	1934
	$	$
Current assets	35,872,150	35,856,397
Current liabilities	7,306,835	7,011,144
Working capital	28,565,315	28,845,253
Ratio	4.90—1	5.11—1

United Corp.

Financial statement of United Corporations for 1935 is one of the strongest brought out by the company since the reorganization a few years ago. Earnings of $308,035 compare with $240,882 in 1934.

The book value of the investments increased in 1935 from about $4.5 millions to over $4.9 millions, while market value advanced from $7 millions to $8.2 millions. In addition the company increased the holdings of its own bonds from a par value of $771,300 to $1,089,500. The net amount of the company's own debentures outstanding in the hands of the public is now $3,409,400. The equity for the B stock increased during the year from $5.65 to around $10.50 a share.

Over 66 per cent of the company's investments are now in stock, as company with about 65 per cent a year ago.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Gross income	308,035	240,882
Less: Expenses	8,587	19,311
Exec. salaries	11,925	......
Trustee, etc., fees	8,509	9,053
Income taxes	6,150	5,805
Directors' fees	6,000	3,500
Other taxes	716	748
Legal fees	447	......
Misc. expense	2,037	2,924
Balance	263,664	199,541
Less: Bond int.	180,412	197,945
Net income	83,252	1,596
Previous balance	74,106	72,510
Securities sold	78,228	......
Less: Dominion taxes	13,500	......
Class A divd.	32,135	......
Furniture w/o	4,451	......
Add: Surplus from sec. sales	901,940	......
Surplus forward	1,087,440	74,106

Investment Bond

Investment Bond and Share Corp.'s earnings show a falling off in 1935, but the market value of the investment portfolio was higher at the end of the year than at the close of 1934. After taking care of all expenses there was a deficit in 1935 of $20,268, as against $43,718 in 1934.

The balance sheet shows the book value of investments at practically $3 millions and the market value $1.8 millions, as against $3.6 millions and $1.6 millions, respectively, in 1934. During the year the company purchased $77,500 of its own debentures, which are carried among assets. Bank loans were reduced in 1935 from $550,000 to $400,000.

The book value of the company's outstanding debentures at the end of 1935 was $75.16 per $100 debenture, as against $53.97 in the previous year.

Income and Surplus Account

	1935	1934
	$	$
Gross revenue	*101,931	110,413
Less: General exps.	7,337	7,202
Interest on loans	14,748	34,696
Debenture interest	*98,875	107,575
Exchange	500	282
Taxes	472	480
U. S. tax	267	3,897
Deficit	20,268	43,718
Balance forward	8,010	53,983
Add. Adjust. U. S. tax	3,195	......
Less: U. S. tax	......	2,255
Deficit forward	9,063	8,010

*Includes interest on own debentures bought during year.

Can. Power & Paper

In an interim report covering the period from Aug. 1, 1935, to Feb. 15, 1936, J. Alderic Raymond, president of Canadian Power and Paper Investments, reports that the company's current loans with the bank and trust companies have been liquidated, and, with the exception of current operating expenses, the company now has no liabilities other than to the debenture holders.

The investment portfolio has been readjusted to some extent, including a 30 per cent reduction in its holdings of Power Corp. of Canada since January, 1934. The portfolio still contains at least one item which the directors consider represents too large an investment in a single security and this they are endeavoring to liquidate gradually.

In the report it is stated that the company is in a position at the present time to purchase a limited amount of debentures and is ready to receive offers from anyone desiring to sell.

As at February 15 last the company had outstanding $1.9 million of debentures. The book value of investments was $5.2 millions, and market value slightly over $2 millions.

Income and Surplus Account
August 1, 1935 to February 15, 1936

Gross revenue	$58,030
Expenses	3,935
Interest on loans	14,693
Interest on debentures	51,870
Loss for period	12,467
Previous debit	112,583
Add: Adjustment	50
Less: Int. on debent. purchased	27,450
Debit forward	$97,650

Restigouche Co.

Restigouche Co.'s pulp mill was operated at full capacity in 1935, but as the average market value of pulp was lower than in 1934, financial returns did not show any material change. After deducting all charges, including smaller provision for depreciation, there was a deficit during 1935 of $1,261, as compared with a profit of $1,011 during 1934.

The balance sheet is stronger, with a rise in working capital from $740,361 to $952,827. This is largely due to a sharp advance in the accounts receivable from $169,767 to $428,927. The outstanding 6 per cent funded debt, including interest accrued, and deferred, stands at just under $5.4 millions, as compared with nearly $5.5 millions at the end of 1934.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Net revenue	612,834	637,256
Less: Bank interest	6,298	10,130
Bond interest	289,232	290,760
Other interest	37,527	35,834
Depreciation	252,599	277,482
Depletion	28,437	22,037
Deficit for year	1,261	*1,011

*Profit.

Working Capital

	1935	1934
	$	$
Current assets	1,238,949	1,114,262
Current liabilities	282,122	373,901
Working capital	952,827	740,361

Fraser Cos.

Consolidated net revenue of Fraser Companies for 1935 totalled $1.8 million as against nearly $1.6 million in 1934. The net loss, after all charges, is shown at $84,288, against a net loss of $371,841 for 1934.

A sharp advance in net working capital position was brought about through postponement of interest charges on bond issues and on non-current bank loans, which have been postponed under the plan of reorganization and which have accrued as fixed liabilities. The company has liquidated $86,000 of bills payable and a bank overdraft of $35,872. The bank loan was cut from $1 million to $567,000, but the special bank loan increased from around $2.8 millions to over $2.9 millions. A feature of the assets is a doubling of accounts and bills receivable.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Net earnings	1,827,623	1,576,227
Less: Depreciation	622,187	651,596
Depletion	130,520	106,385
Bond interest	763,262	782,880
Bank interest	267,056	301,810
Int. on deferred int.	128,883	105,398
Net loss	84,288	371,841
Previous deficit	987,290	615,449
Less: Int. on bonds cancelled	72,264	......
Add: Income tax	336	......
Deficit forward	999,651	987,290

Working Capital

	1935	1934
	$	$
Current assets	4,352,595	3,992,740
Current liabilities	1,877,937	2,914,085
Working capital	2,474,658	1,078,655

N. B. Telephone

All-round improvement in the financial and operating position of the New Brunswick Telephone Co. is indicated in the statement for 1935. Telephones installed increased by 174 to 28,789. The completed long distance calls were 740,985, an increase of 27,000 over 1934.

During the past year subscriptions on account of new capital stock were completed, increasing the paid up capital to $5,784,840 from $5,285,880. Consequent upon this the bank loan of $40,000 was liquidated and the cash position of the company strengthened.

At the annual meeting of the company W. E. Golding, Saint John, was elected a director, replacing the late Dr. A. P. Barnhill. There were no other changes in the directorate and officers.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Gross revenue	1,264,818	1,243,107
Less: Expenses	955,577	962,920
Net revenue	309,241	280,187
Less: Dividends	289,219	264,274
Surplus	20,022	15,913
Brought forward	56,049	57,459
Income tax adjust.	3,038	17,322
Surplus forward	73,034	56,050

Working Capital

	1935	1934
	$	$
Current assets	498,630	427,579
Current liabilities	160,115	185,879
Working capital	338,515	241,700

Celtic Knitting

Earnings of the Celtic Knitting Co., Montreal, during 1935 were the best reported in the last five years. Total net revenue of $14,133 compared with $9,558 in the previous year.

Bank loans were reduced by $12,000 to $39,000, while working capital increased approximately $6,300 to $53,161.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Operating profit	17,772	*7,092
Inc. from invests.	2,461	2,466
Total income	20,233	9,558
Less: Exec. salaries	6,100	......
Net revenue	14,133	9,558
Less: Depreciation	14,177	6,699
Income tax	69	56
Balance	†113	2,803
Brought forward	3,586	783
Surplus forward	3,473	3,586

†Deficit. *After executive salaries.

Working Capital

	1935	1934
	$	$
Current assets	106,922	112,065
Current liabilities	53,761	65,220
Working capital	53,161	46,845

David et Frere

Net earnings of David et Frère, after all charges except depreciation, amounted to $3,278 in 1935 compared with $21,785 in 1934 After depreciation, there was a deficit of $35,026 as against $9,517 for 1934.

Bank loans were reduced during the year from $13,000 to $8,000 and current liabilities from $57,975 to $52,374.

During the past year the company joined an association of biscuit manufacturers, the objective of which was to raise the selling prices in order to return a reasonable profit to the producers. This association was unsuccessful and during the closing months of the year the company undertook an internal reorganization, with the result that earnings were sufficient to cover depreciation and other reserves in the three months ended January, 1936.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Operating profit	*3,278	21,785
Depreciation	31,748	31,302
Loss for year	35,026	9,517
Previous surplus	25,047	34,564
Surplus forward	9,979	25,047

*Loss.

Working Capital

	1935	1934
	$	$
Current assets	176,063	199,994
Current liabilities	60,373	70,975
Working capital	115,690	129,019

Robert Gair Co. Inc.

Robert Gair Co. Inc., of New York, which through its subsidiary, Gair Co. of Canada, controls ten paperboard plants in Canada, reports net profits of $820,448 in 1935 as against $935,442 in 1934.

While demand for paperboard products was higher in 1935 than in the previous year, the price level was lower.

During 1935 the company continued its programme of expansion in U. S., acquiring three additional paperboard mills. Since the end of 1935, a fourth has been purchased.

In Canada, the company acquired plants manufacturing shipping containers at London, Hamilton and Windsor. Negotiations are under way for the purchase of certain other Canadian properties.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Operating profit	1,861,796	1,910,244
Less: Depreciation	676,014	625,896
Int. on bonds, subsid.	22,800	23,700
Pref. divs., subsid.	39,000	......
Net earnings	1,123,982	1,260,648
Less: Int. on inc. notes	139,542	128,412
Income taxes	163,992	196,814
Net profit	820,448	935,442
Add: Previous surplus	962,748	27,326
Reserve not required	71,041	......
Less: Corporate tax, prior years	24,236	......
Earned surplus	1,830,001	962,748

Working Capital
As at December 31

	1935	1934
	$	$
Current assets	4,809,592	4,465,469
Current liabilities	1,775,393	1,086,885
Working capital	3,034,199	3,378,584

Admiral Beatty Hotel

Admiral Beatty Hotel Co.'s gross profit for 1935 totalled nearly $50,000, but after deducting interest on bonds and allowing for depreciation, a net loss of a little over $20,000 resulted.

Total income for the year was $101,610 and gross profit $49,933. Taxes, insurance and sundry charges reduced the income to $33,594. From this interest charges of $18,000 were paid, leaving a net profit of $15,954 to take care of depreciation reserve which amounted to $35,711.

At the annual meeting of the company L. B. Unwin, Montreal, financial vice-president and treasurer of the C.P.R., and M. Gerald Teed, Saint John, were elected to the board of directors, replacing Hugh H. McLean, Jr., and Hon. W. H. Harris.

Brewing Corp. of Canada

Brewing Corp. of Canada operating profit for the quarter ended January 31, 1936, was higher by $100,000 than for the same period a year earlier. After taxes and write-offs there was a deficit.

The quarterly statement also shows that for the 12 months ended January 31, 1936, the net profits are $272,798 as compared with $4,241 for the preceding year.

Actual requirement to keep up the present preferred dividend rate of $1.50 is $244,205. To pay the full dividend of $3 would require $488,409 and to pay $1 a share on common eventually would need another $664,383, or $1.2 millions in all. The company is therefore showing better earnings but is a long way short of what was hoped for when the common stock soared to $12 a share in 1933 from a low of 12½ cents a share. It has never got back near that old figure but the stock has remained of secondary interest in the market pending the company's attempt to get the preferred on a stable dividend basis.

The company has soon to meet $365,000 three year 7 per cent guaranteed debentures, 1936 series, secured by first mortgage, and $450,000 5 per cent notes due April 1, 1936.

E. P. Taylor, president, is now in England, and the "street" surmises that he is arranging for continuance of these items or their refunding.

Income Account
Three Months Ending Jan. 31

	1936	1935
	$	$
Oper. profits	585,923	481,470
Less: Taxes	509,876	459,280
	76,047	22,190
Other income	5,805	6,456
	81,852	28,646
Less: Interest	16,961	17,942
Depreciation	94,621	90,698
Deficit	29,730	79,994

Twelve Months Ending Jan. 31

	1936	1935
	$	$
Oper. profits	3,055,581	2,365,059
Less: Taxes	2,355,332	1,961,709
	700,249	403,350
Other income	17,749	34,194
	717,998	437,544
Less: Interest	70,722	74,791
Depreciation	374,568	358,512
Profit	272,708	4,241

Working Capital

	Jan. 31 1936	Jan. 31 1935
	$	$
Current assets	2,208,987	2,106,564
Current liabilities	932,625	927,048
Net working capital	1,276,362	1,179,516
Ratio	2.37—1	2.27—1

Canada Steamships

Consolidated net earnings of Canada Steamship Lines for 1935 totalled about $1.3 millions, as against over $1.7 millions in 1934. After all charges, there was a book deficit of $1.7 millions, an increase of $401,043 compared with the previous year. However, the cash outlay was small, and consequently the company was able to liquidate its bank loans of $1¼ million. On the other hand, there was an increase of $95,000 in accounts payable, so that the net improvement in the company's position during the year was $1.1 millions before giving effect to unpaid interest on the company's first general mortgage bonds.

The balance sheet does not show any particular change. Outstanding first mortgage debt was reduced by $80,000 to $2,186,719, while the Kingston Elevator Co., a subsidiary, reduced its funded debt from $1,376,000 to $1,342,000.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
Gross Revenue	$8,673,411	$ ......
Less: Legal Fees	5,263	......
Executive Salaries	72,540	......
Gross Income	8,595,603	8,936,369
Less: Expenses	7,292,698	7,185,867
Directors' Fees	7,695	9,960
Depreciation	1,507,143	1,525,151
Bond Interest	112,684	113,406
Other Interest	24,014	112,720
Interest Unpaid	1,052,880	1,052,880
Int. on Unpd. Int.	157,932	94,759
Bond Discount	117,575	117,575
Net Loss for Year	1,677,013	1,275,969
Previous Deficit	6,154,738	4,878,769
Deficit Forward	7,831,751	6,154,738

Working Capital

	1935	1934
Current Assets	$1,853,796	$2,008,158
Current Liabilities	4,462,838	4,465,146
Working Capital	†2,609,042	†2,456,988

†Adverse.

Anglo-Norwegian

Anglo-Norwegian Holdings reports an income of $178,898 in 1935, as against $3,304 in 1934, the result of dividends paid by its subsidiaries. The Star Whaling Co. paid a dividend of 20 per cent per annum for the two years ended June 30, 1935. The Tonsberg Co. paid two years dividends at the rate of 10 per cent per annum and the Anglo-Horse Co. one dividend of 10 per cent.

The president in his report states that since the end of the operating company's year the price of whale oil has risen considerably and prospects for the current year are better than last, although the catch realized during the early part of the season has been smaller than during the corresponding period last year.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Gross income	178,898	3,304
Less: Expenses	5,860	8,427
Directors' fees	7,250	7,500
Taxes	100	365
Net income	165,688	*12,988
Less: Pfd. redeemed.	120,541	......
Previous balance	314,696	327,684
Carried forward	359,843	314,696

*Deficit.

Canadian Industries Ltd.

Though sales of Canadian Industries showed an increase of 8 per cent in 1935 over the previous year, earnings were somewhat lower, due to a decline in selling prices put into effect on many of the company's products. After taking care of the senior charges, the balance available for dividends on the common stock was equivalent to $5.85 a share as against $6.43 in 1934. This compares with dividend payments of $6 a share.

The balance sheet discloses an improvement in net working capital position. Investment in fixed assets increased during the year by over $600,000, representing largely the balance of expenditures in connection with the two new plants at Cornwall and Shawinigan Falls. Holdings of government securities increased by about $700,000 during the year, but investments in "other securities" declined about $230,000. During the year there was an increase in the outstanding Class "B" stock from 58,259 to 63,687 shares.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Operating income	6,075,828	....
Investment income	907,834	....
Gross revenue	6,983,662	....
Less: Legal fees	5,329	....
25 exec. remuner.	497,821	....
Net revenue	6,480,512	‡5,999,754
Less: Depreciation	1,373,007	1,272,510
Directors' fees	10,000	10,000
Tax reserve	798,365	797,051
Net income	4,299,140	4,663,785
Less: Pref. divds.	325,500	325,500
Common divds.	4,077,966	4,045,458
Surplus	†104,326	292,827
Previous surplus	3,299,425	3,004,477
Less tax adjustment	45,679	*6,121
Surplus forward	3,149,420	3,299,425

‡Includes $745,592 income from investments. †Deficit. * Addition.

Working Capital

	1935	1934
Current assets	16,880,500	16,573,459
Current liabilities	2,403,369	2,859,563
Working capital	14,477,131	13,713,896

Third C. G. I. Trust

Marked appreciation in the value of securities held, and higher income from investments feature the report of Third Canadian General Investment Trust Ltd. for 1935.

Net income, after deducting all expenses including income taxes, amounted to $61,564 as against $56,196 in 1934.

As a result of changes in portfolio of investments, net profits amounting to $89,517 were realized on securities sold. This amount has been added to capital surplus.

Marketable securities are shown at a value of $1,546,435. This is $490,946 in excess of book value. After making provision for federal income tax, the company has a net asset value of $1,618,372. This is an increase of $379,803 or 30.7 per cent during 1935.

On a per share basis, the net liquidating value of the capital stock as at Dec. 31, 1935, was $2.49 a share as compared with $1.90 a share in 1934 and $1.61 in 1933.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Income from invest.	72,259	68,707
Other income	396	652
Total income	72,655	69,359
Less: Int. on loans	185	2,912
Management fee	6,750	6,750
Miscellaneous	1,406	894
Income tax reserve	2,750	2,607
	61,564	56,196
Less appropriations:		
Dividends	......	97,903
Surplus for year	61,564	†41,707
Add: Previous surplus	†687	41,020
Less:		
Inc. tax adj. prior yr.	273	......
Bal. carried forward	60,604	†687

†Deficit.

Provincial Paper

Provincial Paper profits in 1935 covered interest on bonds 2.7 times after depreciation of $100,000. Dividends at the rate of 7 per cent on 35,000 shares of preferred stock were paid from profits of $10.77 a share available. Common stock, all owned by Abitibi Power & Paper Co., paid $100,000, or $1 a share, and earned $1.32 a share. This is the first payment on common since early in 1932.

The rate of depreciation at $100,000 is the same as written off from earnings in 1932, 1933 and 1934. In previous years depreciation was written off from earnings as follows: 1928, $450,000; 1929, 1930 and 1931, $250,000 each. The company did, however, in 1935 transfer $225,000 as well from the general reserve.

At the end of 1932 general reserves stood at $1.5 millions and now they are under $1 million. The difference has been transferred in intervening years to the depreciation reserve which has consequently gone up since 1932 from $1.6 to $2.6 millions against fixed assets of $9.4 millions.

Working capital is stronger despite the payment of $100,000 more in dividends. There is no change of moment in the strong cash, investment, receivable and inventory positions shown at the outset of the year.

Income and Surplus Account
Years Ended Dec. 31

	1935	1934
	$	$
Net earnings	713,617	694,614
Less: Depreciation	100,000	100,000
Bond interest	211,727	212,836
Bad debts reserve	6,000	10,000
Reserve for taxes	19,000	14,000
Net profits	376,890	357,779
Less: Pref. dividends	245,000	245,000
Common divs.	100,000	....
Surplus for year	31,890	112,779
Add: Prev. surplus	814,876	688,097
Inc. tax adjust.	......	14,000
Surplus forward	846,767	814,877

Working Capital

	1935	1934
	$	$
Current assets	2,611,296	2,506,248
Current liabilities	359,437	305,572
Working capital	2,251,859	2,199,676
Ratio	7.27—1	8.18—1

Trust and Loan Companies

Landed Banking

Net profit of the Landed Banking & Loan Co. in 1935 was $50,926, equivalent to nine cents a share above the $5 dividend. In 1934, per share earnings were $6.90. After all appropriations there was a profit and loss account balance carried forward of $39,117, not quite $1,000 more than in the previous year. Losses on sales of real estate, adjustments under the Creditors Arrangement Act and provision for further losses on mortgages, in all amounting to $39,796, were charged to the reserve fund established for that purpose.

Assets show a decrease of about $107,000 from the 1934 statement, practically all due to a decrease in mortgages and agreements for sale.

Earnings Record

Year	Paid-up Capital & Reserves	Net Profits	Div. *Rate	Rate Earned per sh.
	$	$	$	$
1930	2,000,000	91,635	10	9.16
1931	2,000,000	92,202	8	9.22
1932	1,950,000	78,792	8	7.87
1933	1,850,000	65,415	6	6.54
1934	1,850,000	69,048	5	6.90
1935	1,850,000	50,926	5	5.09

*After deducting interest, expenses and charges, and making provision for possible losses and contingencies and reserve for taxes.

Pub. Liabilities and Assets

	1935	1934
	$	$
Inv't. certificates	675,079	670,454
Deposits	1,072,121	1,141,722
Total	1,747,200	1,812,176
Secured by assets:		
Liquid assets	395,552	425,927
Mortgages and int.	3,024,493	3,118,200
Other net assets	266,720	246,484
Total	3,686,765	3,790,611

Guelph Trust

The Guelph Trust Co. reports net profit of $28,406 for the year ended Dec. 31, 1935, compared with $30,813 in the previous year. After all charges, including a transfer of $10,000 to investment reserve, surplus was increased by $3,356 to $31,146.

Total assets at the year end were $3,566,862, as against $2,449,407 in 1934, the increase being almost entirely due to a gain of more than $1.1 millions in estates, trusts and agencies under administration. Other balance sheet items show relatively litle change.

Earnings Record

Year	Paid-up Capital & Reserves	Net Profits	Div. *Rate	Rate† Earned per sh.
	$	$	$	$
1930	421,850	31,924	2.50	5.30
1931	441,850	30,264	2.50	5.02
1932	451,850	31,496	2.50	5.23
1933	461,850	29,830	2.50	4.95
1934	461,850	30,813	2.50	5.10
1935	461,850	28,406	2.50	4.72

*Less taxes. †Par value of stock $50.

Pub. Liabilities and Assets

	1935	1934
	$	$
Trust funds	526,505	527,411
Secured by:		
Liquid assets	22,881	16,942
Mortgages & int.	503,624	510,469
Net capital ac. assets	492,996	489,640
Total	1,019,501	1,017,051
Estates, etc.	2,536,834	1,421,830

Montreal Loan

Montreal Loan & Mortgage Co.'s financial statement for 1935 shows a decline in net profit to a point where the dividend was unearned by a margin of $4,808. During the previous year the dividend, which was $6,000 larger, was covered with a surplus of $345.

The balance sheet shows a decline in mortgages of almost $200,000, while real estate held by the company increased by $100,000. During the year the company transferred $50,000 from the reserve fund to contingent reserve.

Earnings Record

Year	Paid-up Capital and Reserves	Net Profits	Div. Rate	Rate† Earned per sh.
	$	$	$	$
1931	1,500,000	88,109	3+.25	3.67
1932	1,500,000	79,641	3+.25	3.32
1933	1,500,000	73,[illegible]	3+.25	3.06
1934	1,500,000	63,346	2.62½	2.64
1935	1,450,000	52,192	2.37½	2.17

†Par value of stock $25.

Pub. Liabilities and Assets

	1935	1934
	$	$
Debentures	346,347	353,101
Deposits	156,104	167,905
Total	502,451	521,006
Secured by:		
Liquid assets	7,856	2,703
Mortgages and int.	1,754,812	1,971,665
Other net assets	190,693	79,304
Total	1,953,361	2,053,672

General Trust

The General Trust of Canada reports gross receipts in 1935 at $175,883 and net profit at $71,978. In 1934, net profit amounted to $69,743. Charges on profit and loss account were slightly heavier than the year's profit, the balance forward of $183,922 being about $3,000 less than at the beginning of the year.

The major change in the balance sheet is a marked increase in estates under administration. Liquid assets amount to 70 per cent of capital and surplus. Assets total $44,741,604.

Earnings Record

Year	Paid-up Capital	Net Profits	Div. *Rate	Rate Earned per sh.
	$	$	$	$
1929	1,105,000	88,474	3.75	8.00
1930	1,105,000	91,587	5.50	8.32
1931	1,105,000	99,675	6.00	9.06
1932	1,105,000	85,574	6.00	7.78
1933	1,105,000	87,607	6.00	7.97
1934	1,105,000	69,743	6.00	6.34
1935	1,105,000	71,978	6.00	6.51

Capital stock consists of $1,100,000 and $5,000 common.
*On preferred.

Pub. Liabilities and Assets

	1935	1934
	$	$
Guar. accounts	1,315,595	1,415,545
Secured by assets:		
Liquid assets	1,315,595	1,415,545
Net capital ac. assets	1,288,923	1,291,887
Total	2,604,518	2,707,432
Estates, etc.	42,066 104	39,259,062

World Output of Refined Copper

The world output of refined copper in November was recorded at 131,600 tons; shipments, on the other hand, totalled 151,900 tons as a result stocks declined 20,300 tons to 476,216 tons.

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The STERLING TRUSTS CORPORATION

Balance Sheet, December 31st, 1935

ASSETS

CAPITAL ACCOUNT:		
Office Premises and Real Estate held for sale	$ 203,360.11	
Mortgages and Agreements	437,685.62	
Bonds and Stocks	21,027.68	
Loans to Estates and Trusts	94,072.08	
Accounts Receivable	13,903.44	
Deposit Vaults and Furniture	18,725.14	
Cash on Hand and in Banks	39,247.09	
		$ 828,221.16
GUARANTEED ACCOUNT:		
Mortgages	$ 1,116,478.25	
Government Bonds	179,734.71	
Municipal and Other Bonds	108,208.08	
Cash on Hand and in Banks	75,025.23	
		$ 1,479,446.27
ESTATES, TRUSTS AND AGENCIES:		
Investments and Assets held	$10,625,281.78	
Cash in Banks	57,168.54	
		$10,682,450.32
		$12,990,117.75

LIABILITIES

CAPITAL ACCOUNT:		
Capital Paid Up	$ 790,085.43	
General Reserve	25,000.00	
Accounts Payable	2,446.33	
Profit and Loss	10,689.40	
		$ 828,221.16
GUARANTEED ACCOUNT:		
Guaranteed Trust Certificates	$ 1,148,010.36	
Trust Savings	331,435.91	
		1,479,446.27
Estates, Trusts and Agencies		$10,682,450.32
		$12,990,117.75

Net Earnings increased $11,695.33; Guaranteed Funds increased $403,123.17; Estates, Trusts & Agencies increased $984,898.38; Total Assets increased $1,273,299.20.

DIRECTORS

W. H. Wardrope, K.C., *President*; A. W. Briggs, K.C., Norman Sommerville, K.C., Charles Bauckham, *Vice-Presidents*; W. H. Adamson, Dr. J. W. Rutherford, M.P., John Hallam, W. A. Boys, K.C., W. H. McEwen, K.C., C. H. Burgess, Lorne Johnson.

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Week In Mining

Earnings and the Market

* * * *

Note of Caution

While slight reactions have, in the past few days, marked the course of the mining market, the broad body of trading continues to be on a high level.

Just how high this level will be pushed, or how long maintained is an open question, but in the case of several stocks, many market observers are injecting a note of caution in their comments.

This cautious note does not mean that there is anything basically unhealthy in the mining market today. It is based merely on the fact that several stocks today are inclined to be out of line with earnings or tangibly potential earnings.

Prospectors in Action

THE Ontario Prospectors and Developers Association has had a busy year. This association, formed originally to protect the interests of the prospector and promoter, has several outstanding achievements to its record in 1935, as the annual report, recently issued, shows.

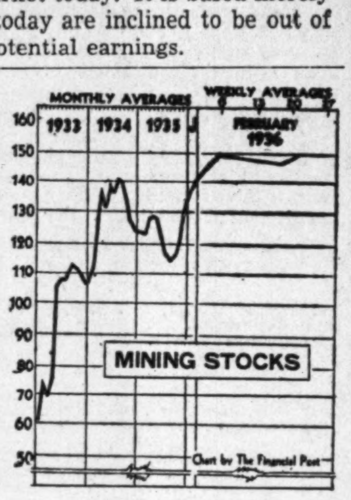
During the year amendments were proposed to the Architects Bill, which would compel mining companies to employ the services of a professional architect in erecting such buildings as mill buildings, etc. The physical requirements of such buildings preclude the aesthetic touch, and it was felt that such a move would not be in the best interests of the industry. Through the efforts of the association, the objectionable features of the bill were removed.

The association may also be credited with proposal to throw open for re-staking the thousands of claims in the north on which taxes have not been paid for years. In many such cases, it is impossible to get in touch with the original owners, and the development of the country is being retarded accordingly. The Ontario government is now taking steps to throw open for re-staking claims on which taxes have not been paid prior to 1926. This is an important move.

Pickle Crow's First

THE Canadian mining industry last week welcomed another mine to the select ranks of the dividend payers. Pickle Crow Gold Mines, after being in production for less than a year, is paying a dividend of five cents per share on March 30, to shareholders of record March 15.

The record of Pickle Crow is even more remarkable when it is remembered that in addition to the dividend, the property has, in the first year of its operation repaid to John Hammell, president, a loan of $170,000.



Pickle Crow's disbursement of five cents per share will necessitate a distribution of some $150,000, a total of 3 million shares being outstanding.

Index to Mining Stocks

THE price index of twenty-three mining issues for the week of February 20 recovered most of the ground lost in the preceding week, the index being 150.2 as compared with 148.6 for the week of February 13. The index for the comparable week in 1935 was 126.1.

More than half of the stocks included in the gold group showed moderate increases, and the index mounted from 129.7 for the week of February 13 to 130.4 for the week of February 20. This index was 125.4 for the corresponding week last year.

The index for the base metals was 231.5 for the week at February 20, the highest level reached this year, and it compares with 226.3 for the week of February 13. The index was 132.9 for the week of February 21.

LAMAQUE REPORT SHOWS INCREASE IN ORE RESERVES

Reveals Concentration on Development During Year

Positive ore reserves sufficient to feed the 500-ton-per-day mill for almost two years, a working capital position of $62,116, and a nine months earning record of about two cents per share, are shown by the third annual report of Lamaque Gold Mines, Teck-Hughes subsidiary, in Bourlamaque Twp., Quebec. This is Lamaque's first report as a producer.

Since milling started in April, 1935, a total of 83,847 tons of ore was treated, from which 29,123 fine ounces of gold were recovered having a value of $1,019,290. This averages out to about $12.16 per ton.

All costs, including depreciation, bond interest, and development write-offs, averaged $11.12 per ton.

In commenting on the report, H. N. Read, general superintendent, points out that operating costs were high because, first, the tonnage treated was disproportionately low since the second half of the 500-ton mill unit did not go into operation until November, and second, development work was given precedence throughout the year in order to put the mine on a 500 ton per day production basis. The addition of 241,696 tons to "positive ore" reserves partly compensates for the high cost of development, he points out.

Underground Work

During the year, No. 6 shaft was deepened along the incline to 1,070 ft. and reached its present objective, the 1,200-ft. level. Drifting along veins at various levels opened up new ore throughout the mine down to the 825-ft. level. In December cross-cuttings were started to reach the favorable ore zone on the 950, the 1,070, and 1,200 levels. Ore reserves, broken and blocked out, totalled 316,191 tons with an average grade of 6.86 dwt., equivalent to about .34 ounces.

The balance sheet, as at Dec. 31, shows current assets of $155,596, as against current liabilities of $93,480, leaving working capital of $62,116. Of the current assets $128,642 consists of bullion on hand or in transit, the remainder being cash. Among deferred liabilities are the 5 per cent bonds, maturing Feb. 1, 1941, of $2 million, with accrued interest, due last Feb. 1, of $191,226. These are all held by Teck-Hughes.

The statement of revenue and expenditure for the nine months of mill operation is as follows:

Revenue and Expenditure
Year Ended Dec. 31, 1935

	$
Bullion production	1,019,290
Less: Prospecting & explor.	59,950
Development	394,772
Mining	83,375
Milling	81,461
General expense	136,718
Prelim. devel. w/o	41,924
Depreciation	57,305
Executive salaries	6,325
Legal fees	974
Bond interest	70,630
Prov. for taxes	13,241
Net profit	72,615

Note:—Production commenced in April, 1935, and the expenditure charged above is for the nine months ended Dec. 31, 1935. Expenditure for the months of January, February and March was charged to preliminary development and included executive salaries of $2,100 and legal fees of $1,000.

Earned per share	$0.024

Lime Production

Canadian production of lime in November was recorded at 36,846 tons compared with 38,263 in October and 32,481 in November, 1934. Production in the eleven months of 1935 amounted to 367,624 tons against 335,529 in the eleven months of 1934.

BUFF. ANKERITE POSITION BETTER REPORT REVEALS

Ore Reserves and Working Capital Increase

Net profit of $156,866, or the equivlent of slightly over 22 cents per share, is revealed in the annual report of Buffalo Ankerite Gold Mines, Porcupine producer, for the fiscal year ended Dec. 31, 1935. Included in this showing is the December tonnage from the mill of Marbuan, purchased by Buffalo Ankerite, last fall.

The report reflects improved conditions in every department of the mine. At the Ankerite property, blocked, probable, and possible ore reserves total 904,588, with an assay value of $5.02, gold at $20.67. All classes of reserves at the Marbuan property total 83,925 tons, with an average assay value of $2.85 at old gold prices.

During 1936, earnings, as pointed out by Edward G. Kinkel, managing director, should evidence an increase in proportion to stock invested in the former Marbuan properties.

To Complete Crosscut

Mr. Kinkel states that the operating policy for 1936 includes the completion of the crosscut from the Marbuan winze to the 5-7 ore zone, the connecting of this crosscut with the main Ankerite shaft crosscutting to the Nos. 1 and 2 veins from the main shaft on the 875-ft. and 1,050-ft. levels, and drifting east and west on these veins.

During the year, total tonnage milled amounted to 159,383 tons, from which a recovery, as shown on income and surplus account, of $1,-056,654 was obtained. This works out to a recovery per ton of approximately $6.62. Operating costs totalled $671,413, or $4.21 per ton of ore milled.

Working Capital

In the balance sheet, current assets total $186,742, current liabilities being $103,053. This leaves a working capital position at the end of the year of $83,689, compared with a working capital of $63,830 as at Dec. 31, 1934. The balance sheet is prepared subsequent to the acquiring of the Marbuan properties, which became effective November 30.

Income and surplus account, which includes production from Marbuan for December, is as follows:

Income & Surplus Account
Years Ended Dec. 31

	*1935	1934
	$	$
Bull. recov.	1,056,654	707,119
Add: Adjust. in val. of ore in solution	1,046	......
Less: Mining costs	377,218	261,166
Milling	137,985	85,896
General	106,889	150,512
Devel. & explor.	129,222	**
Operating profit	306,386	209,545
Add: Int. earned	3,569	......
Miscel. income	1,986	6,892
Rev. from board & lodgings	......	8,573
Gross profit	311,941	225,010
Less: Develop. w/o	87,797	65,641
Deprec.	46,971	46,988
Inc. taxes & conting.	20,307	9,507
Net profit	156,866	102,874
Less: Divids. & bonus	115,546	89,372
Surplus for year	41,320	13,502
Add: Prev. surplus	103,229	89,728
Less: Silicosis assess., 1934	2,957	......
Bal. carried forward	141,592	103,229

*Including revenue and expenditures from Marbuan property for the month of December, 1936.
**Deferred.

Earns. per Share and Divd. Record:

Earned	†$0.22	$0.18
Paid	0.20	0.10+0.06

†Based on shares outstanding at Dec. 31; if based on shares outstanding before taking into consideration shares to be issued to Marbuan Gold Mines, Ltd., earnings amounted to 27 cents per share.

Shs. Out. as at Dec. 31	*701,679	577,307

*Of which 123,472 shares were to be issued to Marbuan Gold Mines, Ltd.

Seek to Force Atlantic Key. To Give Facts

Shareholders Muster Forces in New York

BOOKS SEIZED

Affairs of Atlantic Keystone Products, and its "successor," North American Petroleums Ltd. after being cloaked in a mesh of secrecy and evasions for over two years, will at least be bared, if plans of a powerful group of shareholders carry through.

This group, headed by John F. Penrose, and operating as a fact-finding committee, have established an office in New York, and are seeking the co-operation of Atlantic Keystone shareholders in an attempt to (a) force a meeting of shareholders for the election of new directors, (b) effect the cancellation of every share of stock issued for inadequate consideration, (c) place the properties and the shareholders in the same company, and (d) ascertain what properties have been lost, and the full circumstances.

G. A. Elmer, secretary of Atlantic Keystone, Feb. 15, 1933, called a special general meeting of shareholders in Vancouver for March 4, 1933. The notice outlined a proposal to sell all the assets of Atlantic Keystone to a new corporation for 2,500,000 shares of its 10 million common shares, the new corporation "assuming all obligations and liabilities" of Atlantic Keystone.

"Assume Liabilities"

The new corporation, later known as North American Petroleum Co. was to be a gigantic concern, and was to have some 30 new subsidiaries, which would sell all their assets to the new concern for 1,500,000 shares of its common stock.

The notice stated the combined earnings of the new subsidiaries over the past four years was over $1.5 million per year.

"After all interest charges and overhead are paid, it is estimated the net earnings on common stock of the new corporation will be 31 cents per share the first year," the 1933 notice stated.

"Obligations" Again

This proposal received the endorsation of shareholders. North American Petroleum Co. was formed, and, it is charged, did acquire the assets of Atlantic Keystone but not the liabilities and obligations. The Post has, on file, a copy of a letter sent from the office of North American Petroleum, and signed by C. A. Edwards, secretary, to a shareholder of Atlantic Keystone, in which it is stated:

"You can readily understand that the Atlantic Keystone Petroleum Co. can only exchange the shares it holds in its treasury after it pays all its obligations and then gets an order from the court to wind up its affairs."

This statement is in sharp contrast to the statement two years before.

Shareholders of Atlantic Keystone Petroleum have received none of the anticipated dividends, nor any annual reports that would disclose whether the 30 other corporations and their "combined income of $1.3 million" were taken into the North American Co. or not.

President of Atlantic Keystone is J. W. Heffernan, K.C. of Edmonton, who at one time had an office in a Toronto hotel. For over a year The Post has sought from Mr. Hefferman a clarification of the company's affairs, but all such efforts have been met with the statement that a report would be issued "shortly." In August, last year, The Post reported this state of affairs, and published what information it had regarding the affairs of this concern.

Books Are Seized

Recently, the Ontario Securities Commission seized books of Atlantic Keystone and North American Petroleum at the Toronto office. This step was taken at the request of British Columbia officials, and further action on the part of Ontario officials depends on word from the coast.

Official letters to shareholders reveal, throughout the career of Atlantic Keystone and North American Petroleum, an optimistic note, which appears to bear little relation to the known facts. Several times the company has told shareholders the stock was shortly to be listed, that North American shares would ultimately be distributed, presumably on the basis of eight North American shares for 10 Atlantic Keystone.

White Horse, Jellicoe Merged in New Company

In accordance with the plan to consolidate the two properties of the White Horse Gold Mines and the Jellicoe Gold Mining Co., a new company, Jellicoe Consolidated Gold Mines, has been incorporated to acquire the whole of the assets of both the former concerns.

Jellicoe Consolidated Gold Mines has a capital of five million shares, $1 par value, of which two million shares have been issued for property. Of these, 50,000 have been issued to the owners of the six option claims in consideration of an adjustment in the terms of the option, and the balance of 1,950,000 shares has been divided equally between Jellicoe Gold Mining Co. and White Horse Gold Mines Ltd., K. F. Maclaren, president, reports in a progress report. Shareholders of Jellicoe Gold Mining Co. are urged to send in their stock in order that they may have it registered in their own name, to the Trust and Guaranty Company, 302 Bay St., Toronto. When distributed the exchange will be on the basis of approximately five of the new for nine of Jellicoe Gold Mining Co. stock.

Mr. Maclaren reports that Jellicoe Consolidated has entered into an agreement with Thayer Lindsley, well-known Canadian promoter, and associates, to undertake development of the claim lying along the south zone.

Cement Production

Canadian producers shipped 264,-004 barrels of Portland cement during November as against 512,671 in October, and 223,909 in November, 1934. The eleven months production was recorded at 3,499,378 barrels as against 3,700,520 in the same period of 1934.

Inco Stock at $50 Per Share Shows Markets Overlooking Indicated Earnings for 1936

Assuming Dividends of $1.10 Per Share This Year, Yield is Low Compared With Other Years

By WILFRID SANDERS

On February 15, the stock of International Nickel Co. of Canada Ltd. passed the $50 per share mark, and, up to the time of writing, has not been below this figure since.

Since October 1928 when the new stock was listed on the Toronto Exchange, International Nickel common stock has only once previously been over the $50 per share mark. This was in 1929, when it reached an all time high of $73 per share. The low for 1929 was $25.

In 1929, Inco earned, on its common stock, $1.47 per share, and paid 90 cents per share in dividends. Taking the mean between $73 per share and the low of $25 per share as the basis, the yield on Inco common stock in 1929 would be approximately 1.8 per cent in that year.

1935 Earnings

Figures for the last quarter of 1935 are not yet available, but for the first nine months of last year the company earned $1.14 per share on the common stock outstanding. It is generally assumed that the final quarter earnings were slightly better than the third quarter, which would make indicated earnings per share for 1935 of around $1.65. During 1935 the company paid a total of 75 cents per share on its common stock. Taking the mean between the high and low marks in 1935 as the basis, the yield would be about 2.1 per cent.

Let's look at 1936.

What is in store for nickel?

Sales, it is expected by most observers, will be greater, as industrial use of steel in United States and elsewhere feels the pull of a returning prosperity. Copper prices are at least better now than they were a year ago, when the average for the month was only 6.6 cents per pound. At time of writing, the same type of copper is selling in London at slightly over 9 cents per pound.

In addition, the company is expanding its physical plant at Sudbury, which, while aimed at increasing stocks, should have some effect on 1936 earnings.

It is early yet to conjecture what this company will earn in 1936 on its common shares. On Dec. 31, however, the company increased its quarterly dividend to 25 cents. The quarterly dividend payable March 31 maintains this increased rate. So that $1 per share in dividends for 1936 is a fairly safe bet. Supposing, however, for the sake of argument that an even higher quarterly rate or a bonus is declared with the third quarter payment, bringing the total dividends paid in 1936 to, say $1.10 per share, what has nickel to offer in yield this year?

Yield Only 2.2 Per Cent

Assuming that each dividend is paid in 1936, nickel would yield, at $50 per share, 2.2 per cent.

Admitting the yield method of estimating the worth of a mining stock is subject to many qualifications, the facts appear to show with unescapable force that the investing public is looking a long way ahead in regard to nickel, or is playing the market with no regard whatever to earnings.

A yield of 2.2 per cent, even taking International Nickel as an industrial rather than a mining stock, is low. It is higher than in 1929, but 1929 was a year of wild market inflation. The element of risk involved in the case of International Nickel is, of course, about as small as it can possibly be with such an enterprise. There is no intention of implying that nickel cannot, and will not, maintain or improve its present earnings record. The company has tremendous ore reserves, and is excellently managed. Its markets are expanding, and its outlook is bright.

But even as cursory an analysis as this indicates that present market prices are out of line with earnings and potential earnings in the immediate future, at least.

The price range of the new stock, since trading began in Toronto until now, is as follows:

Year	High	Low
1928	45.50	32.50
1929	73.00	25.00
1930	44.50	12.75
1931	20.50	8.62½
1932	13.50	4.00
1933	23.25	8.
1934	29.00	21.15
1935	47.75	22.25
1936*	54.00	44.15

*To Feb. 25.

Mining Concerns Newly Formed

Canada West Mining—Dom. Incorp. Jan. 10, 1936. H.O. Winnipeg. Author. Cap. 100,000 shares. No par value.

Kaw-Crow Patricia Gold Mines—Ont. Incorp. Jan. 8, 1936. H.O. Toronto. Author. Cap. $3,000,000. Par $1.

Rambler Silver Mines—Incorp. in State of Washington, U.S., was registered as an extra provincial company in B. C. Jan. 16, 1936. H.O. in Canada: Bonthron Block, Grand Forks, B.C.

Savona Gold Mines—Jan. 6, 1936. Registered in Alberta. H.O. Calgary, Alta. Author. Cap. 1,000,000 shares, $1 each, paid-up Cap. $438,010.

Syndicate Mines—Incorp. in British Columbia Jan. 30, 1936. H.O. 1318 Standard Bank Building, 510 Hastings St. W., Vancouver. Author. Cap. $10,000. Par value $100.

Transamerican Gold Exploration—Ont. Incorp. Jan. 8, 1936. H.O. Toronto. Author. Cap. 500,000 shares. No par value.

Tyr-Mac Golds—Ont. Incorp. Jan. 30, 1936. H.O. Hamilton. Author. Cap. $3,000,000. Par value $1.

Winoga Patricia Gold Mines—Ont. Incorp. Jan. 24, 1936. H.O. Toronto. Author. Cap. $3,000,000. Par value $1.

Capital Decreased

Dunlop Consolidated Mines.—Supplementary letters patent issued Jan. 27, 1936, (A) decreasing the capital of the company from $4,000,-000 to $800,000, by the cancellation pro rata of 3,200,000 issued and outstanding shares, par value $1 each; (B) increasing the capital from $800,000 to $3,000,000 by the creation of 2,200,000 additional shares. Par value $1.

Changes of Name

Centralac Mining — Changed its name to Keystone Porcupine Gold Mines. Dec. 27, 1935.

Olalla Gold Mines—Changed its name to the Hedley Crest Mines, Limited, Jan. 3, 1936.

Charter Surrendered

White Rock Mining — Will make application for surrender of charter —Ontario Gazette, Feb. 15, 1936.

STADACONA ROUYN ARRANGES FINANCES

Deal Made to Cover Cost of Construction of Mill

From Our Own Correspondent

MONTREAL.—Financial arrangements have been made by Stadacona Rouyn Mines which will permit more than two-thirds of the cost of the mill to be paid in installments over an extended period out of profits, according to a statement by Roy Anderson, managing director of the company. The balance of the mill cost, as well as such additional working capital as will be required until production begins, is being provided by interests associated with the company.

Foundation Built

The statement says:

"The mill contract was awarded some time ago and preparatory work on the foundation has been carried out. Construction will proceed as rapidly as weather conditions permit.

The mill will have an initial capacity of 200 tons daily and will be designed so that operations can be enlarged economically.

"By the time production commences, it is estimated that approximately 10,000 tons of ore will be in the dump, while sufficient ore is already proven underground for several years operations."

Two Plant Additions

Two additions are being made to the Building Products Ltd. plant at Hamilton.

McINTYRE FORMS BEAUPLACE MINES IN MUD LAKE AREA

O'Leary Malartic to Get 20 Per Cent Interest in New Concern

In accordance with its agreement with O'Leary Malartic Mines, McIntyre Porcupine Mines has formed a company to acquire title to a group of claims in the Lake Expanse or Mud Lake area of Quebec.

The new company, to be known as Beauplace Mines, is capitalized at 100,000 shares of $1 par value, of which 20,000 shares, or a 20 per cent interest will be given to the vendors, O'Leary Malartic and others. O'Leary Malartic will, The Financial Post understands, finaly hold 11,500 Beauplace shares.

The property, consisting of 19 claims, is being developed by McIntyre in conjunction with its own property in the area.

Shafts have been sunk to depths of 300 ft. on both the O'Leary Malartic and McIntyre claims, and development work is being carried out on three levels. A mining plant is now being shipped into the property and it is expected that a mill of 100-ton daily capacity will be operating by early summer. Concentrates from this mill will, it is expected, be shipped to McIntyre's main operation at Timmins for refining.

In addition to its stock in Beauplace, O'Leary Malartic, as at September 1, 1935, held 16,000 shares of McWatters Gold Mines, 20,000 shares of East Rouyn Gold Mines, and properties in the Chibougamau district and other Quebec areas. The latter have seen surface development. As at October 31, 1935, the company reported cash and holdings to the value of $45,000.

It is understood that McIntyre Porcupine will retain 80,000 shares of Beauplace Mines, O'Leary Malartic will retain 11,500 shares, the remaining 8,500 shares will go to the original vendors.

SMALL BALL MILL AT GOMAK MINES TO BE READY SOON

To Start on 35-ton Basis Early in March

From Our Own Correspondent

SUDBURY.—The ball mill being installed at Gomak Mines, operated by Porcupine Crown Mines, will be ready shortly. Production will start some time in March, according to Russell D. Jones, M.E., in charge of operations. The mine is located in the Three Duck Lake area, northwest of Sudbury.

A force of 15 men has been engaged for some months in development of the property and preparing for production, over $60,000 having been spent to date, it is reported. The average surface assay taken over 200 ft. showed values of $25, it is stated, while samples from the 87-ft. shaft, over a width of five ft., ran $20 to $25.

Air Transport

Most of the equipment and supplies have been transported recently by airplane, over 4,000 pounds having been taken in during the last two weeks. Another 50,000 pounds remain to be transported, but the larger pieces will have to be taken in by team and sleigh.

The ball mill will handle between 35 and 50 tons daily. The working force is to be increased so that milling operations may not be delayed.

Considerable exploration work has been carried on recently in the Three Duck Lake region, particularly by the Young-Shannon Gold Mines, by the Ironstone interests and R. S. Shepherd. The area was the scene of a prospecting boom shortly before the Swayze district came into the limelight.

Duport Plans Mill Of 50 Tons Per Day

From Our Own Correspondent

SUDBURY — The Lake of the Woods area is to have another milling plant this summer if plans of the Duport Mining Co. are carried to a conclusion.

J. G. Cross, president, announces the intention to build a 50-ton mill on the company's property on Cameron Island, and proper provision will be made for an increase when warranted.

Reports from the Mines Branch at Ottawa and from the Beattie Mine in Quebec, to which shipments of ore were made for testing purposes, state that the ore contains no difficult metallurgical problems.

The third level at the property has been opened up for a length of 410 ft. and 300 ft. of crosscutting and drifting has been done on this horizon. Five cars of high-grade have been shipped during recent months to Tacoma, Wash., for treatment, and other shipments are to be made in February and March. The management states that next month the winze will be deepened an additional 125 ft. and the fourth level opened.

LAKE SHORE MINES MAKES GOOD TIME ON BIG NEW SHAFT

Up to 1,200-ft. Levels With Raises From Base

The new No. 5 shaft at Lake Shore Mines, at Kirkland Lake, Ontario. started late last year, is well ahead of schedule. The new shaft, which is designed primarily for hoisting, and which is being raised from the 3,950-ft. horizon to surface is now through as far as the 1,200-ft. level, and crosscutting from the present drifts to the new shaft location is proceeding from the 2,000-ft. level down. On the 2,000-ft. level, the length of the crosscut will be, it is estimated, about 350 ft.

The raises are being driven 10 ft. by 6 ft., and will be slashed out later to make the shaft the same size as the present No. 3 shaft, which is four-compartment size, and includes a large cage, capable of hoisting a load of 35 men at a time.

Officials estimate it will take nearly two years to complete the new shaft, the total costs being somewhere in the neighborhood of $3 millions. When completed, it will be the most up-to-date shaft in Canada.

The mining policy at this producer remains unchanged, and a large percentage of the mill feed continues to be drawn from the levels above the 2,000-ft. level. Since the first of the year, however, the 3,200-ft. level has been opened up and is now supplying part of the current mill requirements.

Nickel Production

Canadian production of nickel in November amounted to 12,144,249 pounds in the preceding month 13,-357,653 pounds were produced and in November 1934 the output was 12,147,283. During the first eleven months of 1935 Canada produced 123,089,556 pounds, representing an increase of 4.3 per cent over the output in the same period of 1934.

Clay Products

Sales of clay and clay products by Canadian producers in November were valued at $245,770 as against $339,709 in October, and $233,302 in November, 1934. During the eleven months ending November the sales totalled $2,568,436, an increase of nearly one per cent over the same period of the preceding year.

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Public Utility Earnings

Canadian Pacific Railway

December	1935	1934
	$	$
Gross earnings	11,581,266	10,705,780
Working expenses	8,275,253	7,534,371
Net profits	3,306,013	3,171,408
Year Ended December 31	1935	1934
	$	$
Gross earnings	129,678,904	123,542,954
Working expenses	107,281,381	101,158,931
Net profits	22,397,523	24,384,023

East Kootenay Power

	1935	1934	Increase
December	$	$	$
Gross earn.	35,389	37,844	*2,455
Oper. exp.	13,502	11,922	1,580
Net earn.	21,887	25,922	*4,035
9 mos. end. Dec. 31			
Gross earn.	333,978	315,857	18,121
Oper. exp.	105,458	102,963	2,495
Net earn.	228,520	212,894	15,626

Southern Canada Power

January:	1936	1935
	$	$
Gross revenue	183,869	181,283
Operating expense	73,499	71,034
Net revenue	110,370	110,249
Four Mos. Ended January:		
Gross revenue	734,979	734,663
Operating expense	288,152	286,043

B. C. Power Corp.

January	1936	1935
	$	$
Gross earnings	1,216,414	1,169,283
Operating expenses	791,571	748,027
Net revenue	424,843	421,256
Seven Months	1936	1935
	$	$
Gross earnings	8,085,236	7,625,786
Operating expenses	5,428,199	5,055,999
Net revenue	2,657,037	2,569,787

C. I. L. Announces Executive Changes

Canadian Industries Ltd. has announced executive changes affecting its salt and Cellophane divisions.

George M. Duck, for many years division manager of the salt division at Windsor, Ont., will retire from active service March 1 but will retain his connection with the company in a consulting capacity. He will be succeeded by G. M. Cowderoy, who relinquishes the position of sales manager of the Cellophane division with headquarters in Montreal.

Lewis G. McNab, for the past two years sales promotion manager of the Cellophane division in Montreal, has been appointed sales manager of this division to succeed Mr. Cowderoy.

Fraser Joins Board Of Lake St. John Power

From Our Own Correspondent

MONTREAL. — A. Scott Fraser, vice-president of Investment Foundation Co., has been elected to the board of directors of the Lake St. John Power and Paper Co. He fills the vacancy created by the death of Col. Robert Massie.

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Mar. 18 BERENGARIA
Mar. 27 AQUITANIA
Apr. 3 BERENGARIA
to Cobh and Liverpool
Mar. 14* SAMARIA
Mar. 28 SCYTHIA
to Belfast and Liverpool
Mar. 6 ANDANIA
Mar. 20 ANTONIA
to Plymouth and London
Mar. 5 ALAUNIA
Mar. 19 ASCANIA
Mar. 26 AURANIA
Apr. 2 AUSONIA
*Calls at Boston following day
'Calls at Galway before Cobh
from HALIFAX*
to Plymouth and London
Mar. 8 ALAUNIA
Mar. 22 ASCANIA
Mar. 29 AURANIA
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Mar. 9 ANDANIA
Mar. 23 ANTONIA
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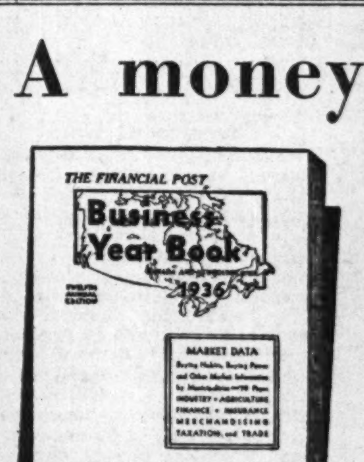

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SEARCH FOR CRUDE WILL BE BIG GOAL OF 1936 IN TURNER

Imperial Oil Ltd. Leads the Way With Wildcat

From Our Own Correspondent

CALGARY. — Many Calgary oil men believe that 1936 will witness the most intensive search for a crude oil field in the history of Alberta. Turner Valley produces an abundance of naphtha but Alberta is still importing crude oil from the United States to mix with the naphtha to produce gasoline.

Crude oil produced in Turner Valley, Red Coulee and Wainwright is not nearly sufficient to supply the demand.

Imperial Oil Co. gave the signal for the start of the search by announcing that the company planned to drill two or three test wells on the Jumping Pound structure, about 25 miles west of Calgary. The wells will be drilled to a shallow depth in the hope of picking up a crude oil sand and no attempt will be made to drill down to the limestone where a naphtha yield might be expected. Drilling will be probably undertaken by the Imperial through the Northwest Co., its subsidiary.

First Since 1930

It will be the first time Imperial Oil has drilled a wildcat well since the 1929-30 oil boom and the commencement of the depression.

During the last five years it has merely completed Turner Valley wells not finished at the close of the boom, and drilled two north end Turner Valley wells. One is a first class naphtha producer. The other well is rapidly being drilled to the limestone.

J. C. Dallas, prominent oil operator during the boom years, has announced the formation of Roxana Petroleums. This company has secured 6,000 acres on the Kootenay structure, about 45 miles west of Calgary between the wildcat Moose Dome and Wabash wells. A well is to be started in the near future on a site located by Russell V. Johnson, Calgary geologist.

Two Near Producers

Most promising wildcat wells in the province at the present time are the Terminal drilled on the Del Bonita structure near the Montana border and the Weymarn well on the Pincher Creek structure in the southern part of the province.

The former is to be given an acid treatment after which, it is expected to be a commercial producer.

Commercial production is also expected from the Weymarn well which is to be given a production test shortly. Gas and oil have come up through the rotary mud indicating considerable pressure.

The crew at the Ranchmen's well on the Aldersyde structure is still drilling away in hard formation, making only a few inches daily. This well created a sensation several months ago when a unique type of oil was encountered, differing greatly from any kind of oil produced elsewhere in the provinec.

So far, however, the oil has not been produced in commercial quantities.

In Turner Valley, the Union-Freehold well still holds the centre of interest. The quantity of naphtha is increasing as the gas pressure gradually blows the water used in drilling operations from the hole. Thousands of gallons of water were poured into the porous horizon during drilling operations and it is now returning from the formation.

The British Dominion well is averaging more than 100 barrels daily of discolored crude naphtha.

OILS, NICKEL, BRAZIL JUMP IN ACTIVE MONTH

Bulk of Leaders on Toronto Exchange Up in January

Sales of industrial company stocks on the Toronto Stock Exchange in January reached a total of 1,430,921 shares valued on the market at $29.2 millions. Except for November, 1935, that is the highest total for two years.

The Exchange's industrial index reached a high of 138.56 in the third week, the highest since August, 1933. Oils, alcohols and interlisted stocks were most active. Considerable foreign buying of Brazilian common gave the latter its most active month in many years.

The following table shows how the ten most active issues fared in December as compared with January and what net price changes resulted from the more active trading:

Stock	Shares sold Jan.	Shares sold Dec.	Net Price Change
B. A. Oil	188,480	28,484	up 6¼
Nickel	175,675	288,491	up 3⅜
Brazil	150,725	43,652	up 3¼
Pete.	77,027	53,659	up 3¼
Imp. Oil	75,251	48,666	up 3⅞
C. I. Alco ...	61,587	40,669	up ⅜
McColl F.	56,306	2,632	up 4⅞
C. P. R.	42,437	21,075	up 1
Walkers	29,125	18,831	off 1¼
F. Farmer ...	26,532	18,719	up 1⅜

Edmonton Now Has Chamber of Mines

The newly-organized Edmonton Chamber of Mines will move into the McLeod Building with the Edmonton Chamber of Commerce and the Edmonton branch of the Alberta Motor Association, it was decided recently.

The new organization is a direct result of a growing interest in the mining industry in this city, and while the new Chamber of Mines will be a separate entity, distinct from but co-operating with the Chamber of Commerce, it was felt that all three organizations should operate from adjacent offices.

The executive, is headed by R. C. Marshall.

Dentonia Denies Report Property To Be Dropped

From Our Own Correspondent

VANCOUVER. — Nelson Smith, president of Dentonia Mines, denies a report given considerable circulation that the property would be abandoned.

A full crew is on the job, he says, and with three or four months' supply of ore available the company plans an aggressive policy of development.

Mr. Smith says the directors aim to maintain the $200,000 cash position of the company as strongly or better than at present. While there is a prospect of new properties being taken over no decision has yet been made.

MacLeod Cockshutt Lets Drill Contract

MacLeod Cockshutt Gold Mines, with property in the Little Long Lac area of Ontario, has recently let a diamond drilling contract calling for 2,000 ft. of work to start as soon as the drills can be shipped to the property.

A shaft has been sunk on this property to 172 ft., and 1,782 ft. of lateral work was carried out by December, 1934, when disappointing returns resulted in the cessation of work. Some surface work was done in the summer of 1935.

Wanapitei Gold Syndicate Will Reorganize Capital

From Our Own Correspondent

SUDBURY.—Unit holders of Wanapitei Gold Syndicate met at North Bay recently and gave their approval to a proposal to reorganize the syndicate at a capitalization of $50,000 divided into units of $5 value. It is the intention to raise further funds to undertake an exploratory programme next summer on the syndicate's property in Scadding township, about 20 miles northeast of Sudbury.

Unit holders in the present syndicate, will receive representation in the new syndicate on a pro rata arrangement, the basis of which has not yet been definitely fixed.

Wanapitei Basin Mines, under sponsorship of J. E. Huard, formerly of Sudbury, president and managing director, was reported to have taken over the holdings of Wanapitei Syndicate in 1933, and some work was done on the property, including the sinking of a shaft to 20 feet.

EXPECT ACTIVITY AT HORWOOD LAKE TO BE INCREASED

Groundhog Plans to Develop Old Holdings

From Our Own Correspondent

SUDBURY.—With the approach of spring weather increased activity is looked for in the Harwood Lake area, north of Sudbury, where at the present time Hollinger Consolidated Gold Mines is engaged in underground exploration of the Smith and Thorne properties to the extent of sinking an incline shaft to a depth of 600 ft. from which four levels will be developed.

Groundhog Gold Mines plans to undertake further development of its Horwood Lake holdings as soon as the weather is more favorable. The company's property consists of 490 acres formerly known as the Jessup-Seery group. These claims were optioned some years ago by the Nipissing Mining Co., and while engaged in testing the discovery on the claims the operators were interrupted by flooding of the land caused by construction of a dam on the Groundhog River by the Spruce Falls and Paper Co. Nipissing afterwards dropped the option.

Active Last Year

Groundhog Gold Mines carried out some surface stripping and diamond drilling on the property last year, and assays of ore taken from a 16-ft. shaft and a nine-ft. pit at the north end of the main vein showed values.

Groundhog was incorporated in June 1934, and the authorized capital is $3,000,000, with $1,380,554 issued at last report. S. C. Sterling, Toronto, is president, and Chas. Taylor, St. Catharines, secretary-treasurer.

Gold Output for Ontario Up 11 Per Cent in January

Ontario's gold mines produced bullion to the value of $6,210,577 in January, representing an increase of over 11 per cent over January last year.

While the output from the two biggest camps, Kirkland Lake and Porcupine shows increases this month, by far the greatest increase comes from the Matachewan and Northwestern Ontario camps, the former producing $116,704 in January, 1935, as compared with a production of only $97,016 last year. Production from Northwestern Ontario was valued at $672,076 last January, increasing from $335,444 a year ago.

The following table shows the production from the various camps, as compiled by the Ontario Department of Mines. Values are in Canadian funds.

	1935 Value $	1936 Tons milled	1936 Value $
Porcupine:			
January	2,461,881	321,654	2,654,617
Kirkland Lake:			
January	2,657,047	166,080	2,767,180
Matachewan:			
January	97,016	29,280	116,704
Northwestern Ontario:			
January	335,444	86,405	672,076
Total—Ontario	5,551,388	603,419	6,210,577

Sorting the Mines, 19.

An Impartial Analysis of Listed Stock from A to Z

These little close-ups are aimed at giving The Financial Post's readers an inventory of the market today. In no sense are they to be regarded as exhaustive summaries. Each stock will be dealt with in alphabetical order at the rate of three or four a week as space permits.

Fairview Amalgamated

Fairview Amalgamated is developing a gold-silver prospect near Penticton, B.C. Although shareholders, last October, approved a deal whereby Mexican Exploration Co., a British concern, was to option the property for a period of 90 days, The Financial Post is informed by Major T. Fraser, president, that the option was not taken up.

Last September, the company reported cash on hand of $6,176, as against current liabilities of about $150.

Development of the property is by means of two tunnels. Preliminary results from this work indicated values of from .21 ounces to .68 ounces in gold, and from 3 to 12 ounces of silver over widths of from 7 to 20 ft.

The company is capitalized at 3 million shares, no par value, of which 1,833,555 were outstanding as at October 31.

Price Range of Stock

	High	Low	Last
1935			
Common	.16	.04	.07
1936			
Common	.08	.03	.04

Falconbridge Nickel

Falconbridge, nickel-copper producer in the Sudbury area of Ontario, has been enjoying great popularity on the market of late, with the result that the stock has been selling over the $9 per share mark for some time.

Falconbridge is controlled by Ventures Ltd., and has been operating at a profit since the fiscal year ended Dec. 31, 1932. Profits since that time have been steadily increasing. In 1932, the company earned $0.24 per share; in 1933, $0.34 per share; in 1934, $0.43 and in 1935, $0.53 per share.

In this growth, Falconbridge Nickel has found the gigantic operations of its neighbor, International Nickel, of great assistance, rather than a competitor. Inco has a virtual monopoly on the world nickel industry and has, through research, widened the markets for nickel tremendously. In addition it has managed to maintain an even price for nickel in the world markets, a fact which is of great assistance to Falconbridge.

Falconbridge made its first dividend payment in January, 1933. Since December, 1934, the company has been paying a regular quarterly dividend of 7½ cents per share.

Through expanded development programme, the company has increased its tonnage of ore reserves from 2,960,238 tons as at Dec. 31, 1934, to 4,059,475 tons last Dec. 31. However, grade has dropped from 2.04 per cent nickel in 1934, to 1.93 per cent nickel in 1935. Copper content of the ore remained virtually the same, at 0.91 per cent. This decline in the nickel content of the company's ore reserves has been continuous since 1930, when the nickel content stood at 2.47 per cent.

In 1935, for every ton of ore treated, the company obtained an average of 40.97 pounds of nickel, and 19.71 pounds of copper.

Financially, Falconbridge Nickel now has the largest working capital in its history, current assets exceeding current liabilities to the extent of $2,860,895, as compared with $2,417,025. Increase in current assets is due largely to an increase of cash, bonds and stocks in the company's portfolio.

Falconbridge has an authorized capitalization of 5 million shares, no par value, of which 3,337,007 have been issued. At present prices the yield is slightly over three per cent.

Price Range of Stock

	High	Low	Last
1935			
Common	$8.70	$3.25	$7.20
1936			
Common	9.30	6.90	9.10

Fawn Mining Co.

Fawn Mining Co. is developing a gold prospect in the Sheep Creek area of British Columbia, and also owns a silver-lead property about 20 miles north of Revelstoke.

Development work is being carried out on the Sheep Creek property, which adjoins Reno Gold Mines. By means of tunnels and open cuts, the company has opened up several veins showing commercial ore. Results of the work, which is still in the preliminary stage, have to date been encouraging, and Fawn is regarded as one of better speculations in the Pacific province.

The company has no funded debts and proceeds from the sale of stock have been sufficient to provide funds for development. Preliminary financing was completed early in 1935, almost entirely in Boston, where W. A. Nash & Co., in association with Reed Henderson & Co., of Vancouver, distributed over 400,000 shares netting the treasury from 22½c. to 50 cents per share.

Fawn has an authorized capitalization of 2,250,000 shares, par value 50 cents. The last report indicated that 1,392,782 shares are outstanding.

Price Range of Stock

	High	Low	Last
1935			
Common	.46	.25	.35
1936			
Common	.47	.35	.44

Federal Gold Mines

This company owns two groups of claims, one in the Cariboo and one in the Bridge River district of British Columbia. Development work is at present being centred on the Bridge River property.

Here surface work is officially reported to have indicated commercial values to 15 ft. width. At last report the main, low-level tunnel being driven to intersect the surface showings at a depth of about 950 ft., is very near its objective.

Until results from this intersection are known, the chief clue to the property lies on the surface where showings have been stripped to 200 ft. in the greenstone formation, and channel samples taken every ten feet for the first 120 ft. showed average values of $8.38 across an average width of 15.8 ft. For the next 80 ft. the vein was uncovered for a width of four feet, and channel assays of $5.10, $9.18 and $37.74 were reported. Another ore exposure has been opened up 130 ft. further along the ore zone.

Federal Gold is headed by General J. Duff Stuart, and has an authorized capitalization of $2.5 millions, $1 par value of which $1,070,000 have been issued. The Financial Post has seen no financial report, but is informed by officials that arrangements have been made with D. D. Bogue & Co., of Montreal, whereby the company will receive $240,000 for development. Details of this arrangement are not available as yet.

Price Range of Stock

	High	Low	Last
1935			
Common	.13	.05	.11
1936			
Common	.10½	.03½	.03½

New Mines "Handbook" Reflects Mine Growth

A total of 3,774 Canadian mining operations are dealt with in the 1936 issue of the Canadian Mines Handbook, the book running to 367 pages.

As a result of the increased activity in the mining industry during the past year, some 350 of the companies and syndicates treated are newly formed, and in addition a number of companies formerly listed as inactive are covered in greater detail than previously by reason of resumption of operations.

The Handbook as usual analyzes the leading mining companies in detail, giving directors' and operating officials,' executives' and mine operators' addresses, etc.

The Handbook is edited and published by the Northern Miner Press, 122 Richmond St. W., Toronto. The price remains unchanged at $1.

East Malartic Ready To Start New Shaft

Reporting on operations at East Malartic Mines for the last two weeks in January, E. Norrie, vice-president, states the ground has been cleared around the shaft site in readiness for the installation of a mine plant. The shaft is plotted near the central part of the No. 3 ore body where 1,200 ft. of ore has been indicated by drilling with an average width of 16 ft. and an average grade of $7 down to 400 ft. vertical depth. The Northern Quebec Power Co. Ltd. is now building a transmission line to the property and it is expected that shaft sinking will be underway in about a month.

PICKLE CROW PAYS FIRST 5c DIVIDEND

Distribution Comes After Less Than Year's Milling

Shareholders of Pickle Crow Gold Mines of record March 15, 1936, will on March 31, 1936 receive an initial dividend of five cents per share. This dividend is paid well within one year after the mill commenced operations, and, John E. Hammell, president, announces, is in accord with the policy of the company to build up a substantial cash reserve before paying any dividends.

Reporting on operations at the property, Mr. Hammell states development on the three lower levels, the 500, 625 and 750-ft. levels, proves the Pickle Crow vein goes to good depths. Drifting which has just started on these levels indicates the vein is of equal grade, if not better, than on the three upper levels.

On the 500-ft. level, 493 ft. of ore has been opened up with a value of $18.90 over 39 inches. On the 625-ft. level, 194½ ft. of ore gave an average value of $15.75 over 35 inches. On the 750-ft. level, 252½ ft. of ore gave values of $18.20 over 43 inches.

A total of 1,937 tons from these new levels went to the mill in January. In the meantime, two diamond drill holes have been put down below the present 750-ft. level, and the results from these two holes have given satisfactory results.

Since the mill started, December 31, 1935, the gross production of gold amounted to $878,745. In January, production amounted to $124,847. February is expected to be the best productive month to date.

During the last three months, the mill has given an extraction of over 98 per cent.

Map and Report Issued On Cadillac-Malartic

A preliminary map and brief report on the geology and mineral deposits of the Cadillac-Malartic area in Quebec has been issued by the Geological Survey Department of Mines, Ottawa. The map and report are based on geological investigation made in the area last year and in 1934 by H. C. Gunning and J. W. Ambrose and may be obtained from the Department of Mines, Ottawa.

Dunlop Consolidated Acquires New Group

Dunlop Consolidated Mines whose original property was in Louvicourt Township, Quebec, reports new holdings have been acquired in the Malartic-Cadillac area of Quebec.

Recently supplementary letters patent were issued decreasing the capital from $4 million to $800,000 by the cancellation of 3.2 million issued shares par value $1 each and increasing the capital from $800,000 to $3 millions by the creation of 2.2 million shares $1 par value. It is understood the shareholders will receive one new share for each five old.

Robert C. Bryden, consulting engineer for the company recommends a diamond drilling programme along the shear zone at intervals of 150 ft. If this drilling gives favorable results, it is recommended that a small mining plant be installed, the present shaft deepened to 150 ft. and cross cutting carried out.

N. S. Gold Mines Plans Production by Summer

Nova Scotia Gold Mines, having rejected the financing offer of Enca Exploration & Development Co. is now going ahead with its own financing, and plans to bring the Tangier, N.S., property into production, The Financial Post is informed. A. L. Schneider, mine manager, who has been in Ontario in this connection, is returning to Tangier, and the company hopes to have this property in production by summer.

Consolidated Mining and Smelting Co. of Canada are proceeding with their development work at the Caribou property of the Nova Scotia Gold Mines. A power line has been run in, and a considerable amount of development work done. Plant and equipment has been installed. The main three-compartment shaft is now down about 400 ft.

Gold Fern Sets Reserves At 120,000 Tons Possible

H. M. Digman, secretary of Gold Fern Mines, in a progress report to shareholders states that potential ore reserves have been increased to over 120,000 tons with an indicated average yield of $34 per ton. As a result of this, the directors propose a mill with an initial output of 50 tons per day and it is hoped that a two years' supply of accessible ore will be available when the proposed mill has been completed.

Mining Enquiries

Oil Selections Ltd.

We would be pleased to receive a report on Oil Selections Ltd., in which one of our clients has a substantial interest.

Oil Selections Limited was incorporated in 1929 to develop potential leases in Alberta, but although money was raised for this purpose, no development programme was completed. The company abandoned its efforts in western Canada and became interested in the East Texas field where its wholly-owned subsidiary, Lone Pine Oil Company, is operating. Currently, the company through this subsidiary has eight wells in production.

In the first nine months of 1935, oil sales totalled $24,322, as compared with $18,940 for the whole 1934 fiscal year. The company has not yet shown a net profit in any year, but in the first nine months of 1935, a profit before depreciation of $15,715 was reported. This is equal to about three-quarters of a cent per share. At the present rate of withdrawal, the company's properties are reported to have a life expectancy of around 20 years.

The most recent financial statement we have seen is as at September 30, 1935, when the company showed a working capital position of $20,501, as compared with working capital of only $4,615 as at December 31, 1934. The company, on its board of directors, has several experienced financial and mining men.

Greene Stabell

I would like to see a brief report on the record of Greene Stabell Mines. It is, I understand, a producer. How firmly established is it, and how much has it produced to date?

Greene-Stabell Mines owns a producing gold-copper property in the Harricanaw district of Quebec, equipped with a 100-ton mill. Production started in November, 1933. Production for the twelve months of 1935 to December 31, consisted of 6,716 oz. gold, and 231,123 lbs. copper.

The future of the property is largely dependent on the outcome of the present exploration programme being carried out in the optioned Stabell Lake Gold Mines property, where promising values were found in diamond drilling. The new shaft is being sunk and is at present down to a depth of 400 ft. where a level is being established. At time of writing, this crosscut has not yet reached the ore indicated from above. We have seen no recent estimate of ore reserve. The management is sound, and much hope is being pinned to the new development programme. As at December 31, 1934, date of the last balance sheet, the company had a working capital of $63,458.

Nickel and "Tips"

I would appreciate receiving from you a suggestion on a good mining stock to buy, now that the market appears to be out of the doldrums. I am looking for a stock which has fair chance of appreciation. What do you think of International Nickel?

We regret that it is strictly contrary to our policy to give "tips" to readers. We believe the best service we can render our readers is to give them the facts about a company and leave the rest to their judgment.

As regards International Nickel Co. of Canada the stock has been a market favorite for many years. The company is exceptionally well managed and has the tremendous advantage of ownership of some of the richest mines in the world. In addition, it has a virtual monopoly on the nickel industry, which is another advantage. Under the present management, International Nickel has steadily expanded its market and has demonstrated that it can operate at a profit during depression years, despite the fact that its chief market at the present time is for industrial purposes.

All these facts are fairly obvious advantages, with the result that the market price at the present time appears to fully appreciate them. Accordingly the current price for International Nickel at above $50 per share appears to reflect very fully the possibilities of the company. At this price the yield works out to about 2.2 per cent. But when the market takes hold of a favorite, earnings do not always dictate the price at which it may sell.

Noranda Mines

I am a resident of Florida, and have several Canadian mining concerns in my portfolio, all of which have shown me a nice profit. I want to put some of these profits in the investment type of mining stock, and was thinking of Noranda. What are your views on this company?

In Noranda Mines you are holding stock in an exceedingly well managed copper-gold producer, with proven ore reserves and an exceptionally good record marketwise and minewise. This company is fortunate inasmuch as its ore is of the flexible type, which permits alternating production to meet particular conditions. As a consequence, the company may in times of low copper prices step-up the percentage of gold in the ore treated, and vice versa. There have recently been indications that copper prices are at least showing signs of activity, and as you are probably aware, copper a few days ago actually reached nine cents per pound in the world market. While there appear to be tremendous obstacles in the way of a return to pre-depression copper prices, there is basis for belief that the low mark has been reached. Any increase in copper prices, of course, is reflected in the earnings of such companies as Noranda.

Teddy Bear Valley Mines

Some years ago I sent some certificates covering shares in Abitibi Mines to a Toronto trust company, and received a letter saying that shares in Teddy Bear Valley Mines were being held for me. I have heard nothing since. What is this company, and is it active?

The head office of Teddy Bear Valley Mines is c/o C. Elwood Hofmann, 503 Royal Bank Bldg., Toronto. The company's property is an amalgamation of Teddy Bear Valley Syndicate and Abitibi Mines, and consists of gold claims in the northwest part of Holloway and Harker Townships in northern Ontario. The company has been active and did a considerable amount of drilling in 1935. Work, however, has been of a preliminary nature only and, while encouraging, the property remains a raw prospect. Work to date has been financed by Teddy Bear Valley Syndicate, taking additional shares at 20 cents a share in return. Control of the company rests with the Syndicate.

For its assets, Abitibi Mines received 2.3 million shares $1 par value in Teddy Bear Valley Mines. The Syndicate received 2,500,000 shares. These shares are still held in pool by the trust company awaiting development at the property. Teddy Bear Valley Mines has an authorized capitalization of $10 millions in $1 par value stock, of which approximately $5,500,000 are outstanding.

Marigold Mining Co.

I hold some stock in Marigold Mining Co., and have held it for some years. Some one told me it was absorbed by an Ontario company, and another that it was taken over by San Antonio gold Mines. I thought it was a Manitoba property. Can you trace it for me?

There were two Marigold mining companies. The one to which you refer was incorporated October 17, 1919. The charter was surrendered June 10, 1926. Stock selling had been suspended in April, 1924. The property was foreclosed under a mortgage agreement, and now forms part of the Geneva Gold Mines holdings, which are scattered in several groups in the Rice Lake and Beresford Lake areas. We can find no connection between this company and San Antonio.

Shares in Marigold Mining Co. have now apparently no value.

Halcrow-Swayze

Can you give me any information on Halcrow-Swayze. Where is the property, and is there any chance of its becoming a mine? My husband died a year ago, and among his securities are some of this stock, purchased at 50 cents per share.

Halcrow-Swayze Mines Ltd. owns a gold prospect in Halcrow Township of Ontario. At the present time work has been suspended pending a satisfactory financial arrangement. Work done to date has indicated 82,500 tons of ore averaging $5.85 per ton above the 200-foot level and a further 45,000 tons from the 200 to 345-foot level. The company is equipped with a 25-ton pilot mill and has seen a small amount of production. Production to date has demonstrated that the ore is of very low grade.

Work was discontinued in March, 1935. Working capital as at December 31, 1934, totalled $7,530. The company has an authorized capitalization of $2,500,000, of which over $2,000,000 are outstanding.

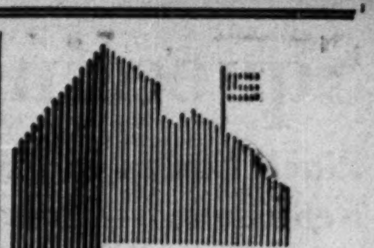
Big Missouri Mines

I hold some stock in Big Missouri Mines Corp., and am wondering if I should not sell it. What is your opinion of this company, and what strings have they to their bow?

Big Missouri Mines Corp. operates as a holding company, its principal interest at the present time being the Buena Vista Mining Co. in B. C., under development by Consolidated Mining and Smelting Co. of Canada and in which Big Missouri owns a 40 per cent interest, the other 60 per cent being held by Smelters. Little is known of the development of this property, but every indication is that Smelters plans to bring it into production on a large tonnage basis this year, a mill of as high as 1,500 tons per day being in prospect.

With the experience of Smelters, this property assumes a definitely attractive form at the present time.

It should, however, be remembered, that Big Missouri's interest is only 40 per cent, or 200,000 shares, and $83,000 bonds.



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"Did you hit her heavy?" asked one of the "boys".

"Batch of ten shares," replied Mr. Picobac briefly.

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Squeezing the Bondholder

Pinch Comes in Processes of Default, Debt Adjustment, Refinancing—There Are Loopholes but No Easy Way Out

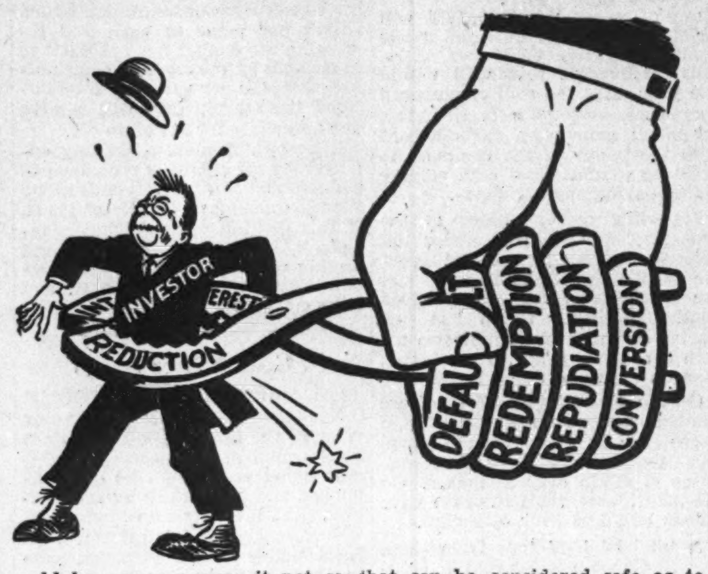
By C. W. STOLLERY

The holder of government and corporation bonds is being squeezed at present by devices from which there appears to be no safe escape.

Numbers of individual investors have not yet felt the full effects of the pinching process; but they will.

There are two direct influences working to reduce the bondholder's income;

1. Defaults and debt adjustment.
2. Low interest rates and debt conversion.



Effects of Squeeze

The bondholder loses income by both influences. Defaults promise losses of principal or of security. The net effect is that the bondholder loses on his bad investments through the default process and that he has his good securities taken from him by redemption for refunding at reduced interest rates.

A subsidiary development is that owing to the growth of demand for investment securities there are some inferior bonds selling close to face value.

The bondholder's alternative, therefore, is to retain defaulted securities or inferior bonds; or to accept a return of four per cent on high quality corporation bonds, less on government securities.

Adding pressure to the pinch on the bondholder, the cost of living is rising. As yet, however, this tendency has not become marked. From about 77 in 1933, the Dominion Bureau index of the cost of living has now risen to about 81 per cent of the 1929 level. There are widespread expectations that the upward trend may become more pronounced.

Course of Depression

The buyer of bonds ordinarily looks primarily for safety; otherwise he would buy what are considered the more risky types of investment. So it was a severe shock to bondholders to find corporations defaulting on a wide scale as the depression deepened. Then came municipal defaults.

The net result of these defaults is that bondholders have been obliged to make concessions in income or in capital, or both.

The other direction in which bondholders are being pinched is by redemption of better quality securities for refinancing at reduced rates of interest. Bonds that have been called for redemption include: Cosmos 6½'s, Wabasso Cotton 6's and 7's, Dominion Textile 6's, T. Eaton Realty 5's, and so on to a long, long list.

Movement Continues

The redemption and refinancing movement is far from its conclusion. There is a long list of corporation and public utility bonds that will be redeemed if present low interest rates persist. So the bondholder who has not yet been squeezed by the conversion of bonds to reduced rates has his pinch coming.

One way the bondholder has enjoyed some profit is in the sharp rise of prices for corporation and government bonds in the past three years. In many cases, however, the rise merely represents a recovery to the level at which the investor made his original purchases.

Bonds of Governments

Canadian government bonds have been among the most satisfactory holdings for the pinched bondholder up to date. Most of them are not callable, so that holders have not had the securities taken from them by the redemption route as have corporation bondholders.

There lurks in the bondholder's mind, however, a suspicion that government bonds are not quite as pure as the driven snow. There is the very real apprehension that bonds of some provinces may be refinanced by the new loan council scheme under a Dominion guarantee.

The bondholder, of course, would get a compensation for reduction of his interest rate. There would be a Dominion guarantee on any loan council bonds issued in exchange for present provincial securities. This guarantee would be some comfort but would not increase the bondholder's income.

Bondholder Victim

Fortunately, there is no general refinancing of government bonds in sight. The Dominion and the five eastern provinces have no plans for interfering with their outstanding securities. Even the four western provinces are not sure to refinance all bonds. Still, the unsound condition of government finances is no comfort to the bondholder.

Some governments have talked mostly of economizing by cutting the bondholder's salary—his interest income. In a recent dispatch from Victoria, for instance, it was stated that the B. C. government had three ways in mind to improve the budget position; imposing a sales tax; increasing other ordinary revenues; refunding bonds at reduced interest rates. To select as the sole victim of further economy the bondholder whose investment should be protected by government frugality would be amusing were it not so grave a problem for the investor.

Where It Leads

Where does the squeezing of bondholders lead?

Dominion government authorities have already decided that to achieve rates lower than three per cent on government bonds would tend to discourage thrift. So the government does not intend to try to force lower rates than three per cent. This does not mean, however, that the spread of reduced rates into other types of securities will not continue.

There is a contrary view of low interest rates. It is held by some economists that lower rates of interest may actually tend to increase the rate of saving; encourage thrift rather than discourage it. This view is based on the supposition that people will set out to save money to provide for their old age and for their dependents because they know a given sum will earn less.

Whichever view is the correct one, the bondholder who has passed beyond the age of high personal earnings, the investor who depends upon income from savings accumulated in the past, is pinched hard by reduction of interest rates. He dare not attempt to offset the reduction by purchasing risky securities. He has almost no choice but to reduce his standard of living.

Possible Changes

What if the trends of interest rates, bond prices and business activity change?

The rise of Canadian bonds since 1933 has been caused chiefly by these factors:

1. Rising bond prices in Great Britain and the United States caused by reduction of interest rates through credit expansion.
2. Lack of demand for substantial borrowings on the part of industry.
3. Expansion of bank credit in Canada.

Will developments emanating from these same causes ultimately contribute to recovery of business, increased cost of living, higher interest rates and lower bond prices?

Outlook For Bondholder

There are few financial or economic authorities who regard an early rise of interest rates and a fall of bond prices as probable. For the next ten years, however, there have been predictions of a gradual stiffening of interest rates. This would mean a gradual decline of bond prices.

The point for the investor is this. If he accepts a reduction in interest at the present time when the cost of living is still low, he may eventually find himself facing a higher cost of living with a reduced income. Also, his bonds may decline in price.

Any rapid improvement in general business conditions would be expected to bring an increased demand for commercial credit. If it caused interest rates to stiffen, the bondholders would get no benefit because of having had his securities refinanced at reduced rates.

Ideal Solution Missing

The solution to the bondholder's problem would be to find securities that can be considered safe as to principal, bearing a reasonable rate of interest, with some prospect of benefitting from improved business.

Unfortunately, all these desirable features cannot be found in a single unobjectionable combination.

Convertible bonds may furnish one way out. For instance, there is the issue of C. P. R. convertible 3½ per cent bonds, which is still being offered at about 95 by dealers. The railway has been able to cover interest after all charges even through the depression.

If business really becomes "normally" active, the railway may eventually recover part of its lost glory in earnings on the common shares. In such event there might be an improvement in value for the convertible bonds, $100 of which can be exchanged up to 1944 for four common shares.

Other Possibilities

Then there are 4¼ per cent debentures of Hiram Walker-Gooderham & Worts, which are convertible at present, $100 of debentures for 2½ common shares. The debentures sell at a premium so that the yield is small. They are secured by large earnings and would benefit from any substantial rise in the company's common shares. Yet many investors have doubts of the desirability of investing in the distillery business.

Another convertible security is the three per cent debenture issue of Montreal Light, Heat & Power. Unfortunately they are only convertible up to 1937.

Convertibles Popular

There are too few convertible bonds outstanding in Canada to offer the investor a satisfactory choice. Is it possible that investment dealers will recognize the need of investors for such convertible issues under present conditions?

There appears to be no reason why convertible bonds should not become a more popular form of financing. They give the bondholder a chance to prosper, along with the rest of the community, and offer the corporation debtor a possible means of getting rid of bond mortgages by the conversion process.

Defaulted Municipals

Another way out may be found in some defaulted Ontario municipal bonds. Selling between 55 and 75, even if reductions are made in interest rates, substantial yields would be available on some of these issues, such as those of Niagara Falls and of some of the townships bordering Toronto.

If business conditions were to improve materially, so that these defaulters would be better able to pay the possible reduced interest rates, there is the possibility that the bonds might actually rise while gilt-edged government bonds may be declining.

Bondholder's Choice

In order to protect himself and get the benefits of any improvement in business, the bondholder may find himself obliged to take some additional risk such as involved in the securities mentioned in the foregoing.

There can be no possibility of any government or corporation debtor increasing interest rates on low-coupon bonds now being issued; at least not during the term of the bond. So that if interest rates and the cost of living rise, the bondholder will not only have taken a cut under present conditions but will find his investment less valuable under better business conditions. The few convertible bonds and some stigmatized depreciated issues are among the least undesirable alternatives.

The investor in high quality bonds who requires security above everything else, however, may be well advised to follow the rule that it is always a mistake for the long-term investor to sell prime securities to buy lesser investments. The bond buyer can at least put his money into gilt-edged securities maturing in about 10 years, even if the return be very low.

Then, if interest rates and the cost of living change materially in that period, it would be possible to market the securities without serious loss and to alter investment policy in accordance with conditions that may arise.

Like the "squeeze play" in contract bridge, there is no easy way out of the investment squeeze that is being worked on the bondholder.

Trucking Men Are Incensed At New Order

Ruling Ends Personal Convoy System at Border Points

HAS HURT RAILWAYS

From Our Own Correspondent

MONTREAL.—Trucking companies operating through the customs port of Windsor, Fort Erie, Niagara Falls and Rouse's Point have received a setback as the result of a new order by the Department of National Revenue.

The order requires customs collectors at these border points to examine and collect duties at the port of entry on all goods being transported into Canada by truck or other motor conveyance.

The decision of the department involves discontinuance of the customs convoy system which has been in operation for about two years. This has greatly facilitated international truck traffic to the detriment of the railway freight movement.

During that time it has been the practice of the department to have one of its officers board the loaded truck at a border point and accompany the load to an interior customs warehouse. The personal convoy is the equivalent of bonding the truck load to its destination.

Railways Protested System

Abolition of the customs convoy for trucks was brought about by a plan developed by truck operators for large-scale movement of goods in bonded trucks through southwestern Ontario between Detroit and Buffalo. When this plan became known, the railways entered a strong protest to the Department of National Revenue and were successful in having an order issued by the minister, cancelling the existing arrangement.

Truck operators are expected to fight the new order, on the grounds that the highway movement of freight is now a fixed factor in external and internal trade.

U. S. Advertising Linage Moves Ahead in January

From Our Own Correspondent

MONTREAL. — January brought 94.8 million lines in newspaper advertising in the 52 U. S. cities reported by Media Records Inc. and published by Editor and Publisher. This compares with 88 million lines in January of 1935, despite the loss of 2.5 million lines of automobile announcements, which were withdrawn by the change in auto show dates.

Gains shown in January linage reports were in general, financial and classified advertising, which were respectively 18.0 per cent, 21.7 per cent, and 17.2 per cent ahead of January, 1935.

New Books

No. 1. War Maker

German Writer Digs Into Mysteries Of Zaharoff, Most Hated Of Men

ZAHAROFF, THE ARMAMENTS KING, By Robert Neumann. Published by Thos. Nelson & Sons, Toronto. Price $3.50.

Of all the sinister figures of modern times, none has aroused more widespread hate and distrust than Sir Basil Zaharoff, king of the munitions makers, almost more a myth than a man. In this post-war world, a man who stirs up wars in order to march to profit over the dead bodies of men and the bleeding hearts of women is, to most people, a horrible and revolting figure.

The average director or manager of a factory making fuse caps or machine guns or submarines is a fairly ordinary sort of person who plays golf, rears a family and goes to church. It is hard to paint him as a remorselessly cruel personality. Not so Sir Basil Zaharoff, Grand Commander of the Order of the British Empire, Grand Cross of the Legion of Honor. He is a magnet for abuse—most of it probably well-deserved. Zaharoff is the No. 1 mystery man of modern politics. His attempts to hide or obscure his origins in crime-infested Levantine slums, and to cover up his macabre activities in the chancelleries of the world, have been successful only in part. The world has not failed to spot him as the apotheosis of all that is evil and wrong in the armaments trade. So all the aroused indignation of peace-loving people against the war-making machinations of the men who make puppets of foreign ministers has been focused on this Greek adventurer, who became one of the most powerful men in Europe and today lives on as an embittered, unrepentant, twisted remnant of an old man, wearing yet the honors bestowed on him at the behest of his one-time friends and co-workers in war-making, David Lloyd George and Georges Clemenceau.

Literary Detective

Robert Neumann, an exiled German, has apparently devoted a large part of a lifetime to trailing down and weaving together the threads of the little that can be regarded as well-substantiated fact about the man who became the head of England's great Vickers, who controlled banks, newspapers, competing armament firms and even premiers and cabinet ministers, and who made them all bend to his grasping, profit-making will. In this biography, Neumann presents the available evidence in the case. It is unlike any book ever before written about a living person, for even this painstaking literary detective has been unable to ferret the truth from out of all the conflicting stories of Zaharoff's life and activities. So he has adopted the technique of telling the reader of each step he took in searching for the facts, presenting as facts the statements that seemed capable of truth, but occasionally leaving the reader in the air, suspended between different opposing interpretations when the facts do not seem to be available. It gives his biography something of the atmosphere of an exciting detective story as befits a book about a mystery man.

Gangster Diplomacy

An outline of the story as Mr. Neumann presents its main facts would be a repetition of much that is already familiar to many persons. It is in the inner story of individual instances of intrigue and gangster diplomacy that Mr. Neumann provides us with his most useful contribution. The struggle between rival oil companies that produced the tenseness and the near war over Mosul in the post-war years is one such story, and in it Lloyd George and others of our respected statesmen show to small advantage. Detailed also is the story Greek's unsuccessful war on Turkey in 1920, apparently a struggle undertaken as a whim of this war-maker.

The volume is one that ought to be summarized in briefer form to be read by every school-child in the world to show the bitter truth about war, and how rotten is the corpse of patriotism when it shows up at an international conference of diplomats.

PUBLIC FINANCE, 1928-1935: Published by the League of Nations Economic Intelligence Service, Geneva.

These pamphlets form the first part of a complete study of public finances of governments of the civilized world. The edition covers the period from 1929 up to the latest fiscal year, 1935, or later in most cases. The work is being published in a series of chapters, one for each government. The present issue surveys 14 European governments; important omissions being France, Germany, Italy, Norway, Sweden, Turkey and the U.S.S.R.

By preparation of the study in parts, and publication of each section as it is completed, delay is avoided. Additional chapters will appear in 1936 and 1937.

The figures used refer mostly to the accounts of the central governments concerned. This leaves out of consideration the wide variation from country to country of the amount and cost of services rendered by regional governments, such as provinces and municipalities. This variation makes international comparison exceedingly difficult, and this is augmented by differences in accounting methods in the various countries.

The studies include summaries of budgets and state accounts, main items of receipts and expenditure, treasury position, situation of the public debt, and, where possible, balance sheets. Explanatory notes are given to show the influence of the recent international economic crisis on public finance, and the measures taken by governments to meet their difficulties.

While the initial studies on 14 countries comprise only a small part of the whole series, the information is valuable because of the promptness of issue. When the entire series of 62 chapters is complete, the volume will be a most valuable source book by which to study government finance throughout the world.

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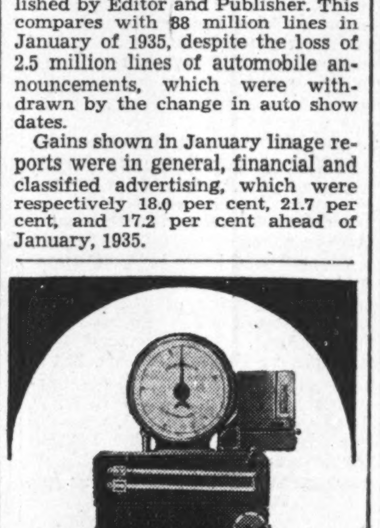

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